Daily Report

East Europe

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FBIS-EEU-95-062 *31 March 1995*

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NOTICE TO READERS: This volume contains a representative selection of material previously disseminated in softcopy format.

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Major Developments in Czech, Slovak Republics

95CH0145A Kosice DOMINO EFEKT in Czech 2 Feb 95 p 8

[Commentary by Petr Fejtek: "Two Years After the Split"]

[FBIS Translated Text] The five years following the "revolution" (still better in quotation marks) and the two years following the division of the federation have gone by swiftly. In Slovakia there occurred the restoration of Meciar's government which is promising an economic miracle (10-percent inflation, 10-percent unemployment, 5-percent growth of the GDP), in the Czech Republic [CR] in the last preelection year "the winding up" of the transformation in the social sphere (laws on pension insurance, social benefits, and social assistance) is nearing its end.

Sociological research from November and December of last year (STEM and FOCUS) [Slovak Center for Social Analysis and Center For Empirical Studies] charts the political climate of both republics. It is very instructive to peek under the "political coat" and try to look also at the layer under it, about which we do not share that much information.

Just the most general question about how a person feels about the overall living conditions already points to substantial differences. The statement itself is too vague, emotionally colored, and at the same time, probably greatly influenced by circumstances of the moment. On the other hand, it probably best reflects a certain "satisfaction of the anticipated," whether it concerns originally unrealistic expectations or, on the contrary, exaggerated modesty. The Czech and Slovak societies differ markedly in their answers to this question: in the CR, 67 percent of those asked are satisfied, in Slovakia, only 35.7 percent. It will certainly not be far from the truth, that in the answer to this question what is mainly reflected is the currenct economic situation. And this, of course, is conditioned by the expectations for the developments in this sphere—in Slovakia the disillusionment is obviously deeper precisely because of the more widespread (more naive?) belief in a rapid improvement in the standard of living.

In an overall evaluation of the current regime, the marked difference persists between Czech citizens, who have more in mind the lasting political values, and the Slovak citizens, who more often project into the evaluation the economic circumstances, particularly the current standard of living. More than 50 percent of Slovaks think that the socialist economy required only small changes or no changes at all. In CR, on the contrary, 68.3 percent of citizens share the opinion that the socialist economy required profound changes.

This is not altogether consonant with the views on a purely nonmarket economy such as we had here until 1989: in the CR, it would be welcome by 6.3 percent, in Slovakia by 12.3 percent of the citizens. On the other hand, in the CR a free market economy is given preference by 33.4 percent, and in Slovakia by 28.6 percent of the population. That certainly is not a significant difference. In view of this, it is all the more surprising that in the CR, 50 percent (in spite of some drop in the last few years) of the population generally embraces ideologically the values of capitalism, in Slovakia, however, their marked rejection and perplexity are perceivable.

Sounding downright paradoxical is the view on a social-market economy, which is influenced to a considerable degree by the state: in the CR, it is preferred by 60 percent (impact of the current laws being drafted in the CR?), in Slovakia, by only 47 percent of the population.

The evaluation of the pre-November and current regimes is very different: 59 percent of Czechs, but only 37 percent of Slovaks, are convinced that the current regime has more merits. That there is not too much difference is the opinion of 20 percent of Czechs and 17 percent of Slovaks. But that the current regime has more shortcomings is the opinion of only 20 percent of Czechs, but a full 44 percent of Slovaks.

According to today's answers, initially in favor of the breakup were reportedly 20 percent of the population in the CR and 22 percent of the population in Slovakia. Originally in favor of the breakup, were 2.3 percent of citizens in the CR who today think that it was a mistake and this is true for 8.3 percent of citizens in Slovakia. In contrast, of those who were against the breakup but today think it was the right thing to do, there are 11 percent in Slovakia, but in the CR over 30 percent. About one-third of both Czechs and Slovaks have come to terms with the breakup, even if they were not in favor of it originally. The effort to search for common existence is stronger on the part of the Slovaks—more than 50 percent of them would even today wish for coexistence in a federation or confederation.

Relatively different is the level of trust in some state and political institutions: in the CR, 39 percent of the citizens trust the parliament and in SR, 57 percent; the army 30 percent in the CR and 73 percent in the SR, the police 24 percent in the CR and 56 percent in the SR. In the CR more than 53 percent of citizens agree with the view that political parties are a guarantee of democratic politics, in Slovakia only 23 percent.

Considerable differences exist in identifying the problems considered most important by the citizens: whereas in Slovakia, it is unemployment (46 percent against 15 percent in the CR), healthcare (67 percent against 32 percent in the CR), in the CR it is crime (68 percent against 38 percent in SR), environment (25 percent, against 9 percent in the SR), and morality (20 percent against 8 percent in SR). This is linked also to the conception (assessment) of democracy and the so-called social rights, where in Slovakia satisfaction of basic economic needs and social certainties is dominant.

Despite the considerably different evaluation of the past and current regimes, in both countries an optimistic perspective prevails, especially from the standpoint of the prospects for the generation of today's children (in the CR more than 70 percent, in Slovakia more than 50 percent.

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Berisha Receives Greek News Agency Director

AU3003195495 Tirana Radio Tirana Network in Albanian 1300 GMT 30 Mar 95

[FBIS Translated Text] President Sali Berisha received the director general of the Greek news agency ANA. Politicians, particularly in the Balkans, should have the courage to rise against those who hamper the establishment of good faith and the future, President Berisha stressed at the meeting he held yesterday with (Andreas Khristos Dulides), the Greek news agency ANA director general. President Berisha stressed that he is convinced that the two countries are coming closer and there exists the possibility and room for friendship, good-neighborliness, and cooperation in the common interest of the two peoples and the region.

I am very pleased with Papoulias's visit. I consider it to be a real success, President Berisha said, stressing that the visit revealed the same desire and will to improve relations and to work in order to make up for lost time. President Berisha once again expressed gratitude to the Greek Government, people, institutions, and citizens for their assistance and hospitality toward Albanians and stressed that these are precisely the moments that serve as a historic contribution to friendship. History will be grateful for these deeds that lay stones in the wall of friendship, and time will show their importance, Mr. Berisha pointed out.

The Albanian president expressed his conviction that the relations between the two countries will have a future. Mr. Berisha said that by their act of 1988, the abolition of the state of war with Albania, Messrs. Papoulias and Papandreou undertook a determined step to develop relations between the two countries.

Regarding relations between Albania and Greece, President Berisha stated that he was optimistic, and pointed out that cooperation will be actualized with the signing of a friendship and cooperation treaty between the two countries.

The director general of the Greek news agency stated: Let us, too, lay a stone in establishing cooperation between the ALBANIAN TELEGRAPHIC AGENCY [ATA] and ANA. Let us establish relations to help each other not only in the dissemination of news but also to face problems.

(Dulides) stressed that there is room for cooperation. He asked President Berisha for an interview, which the president agreed to give.

(Dulides) was also received by ATA director general Ilir Zhilla. Zhilla and (Dulides) agreed to sign a bilateral agreement to set up a direct line of exchanging information.

The top ATA and ANA officials also agreed to utilize EC assistance for ATA's technical development, through connecting it to the Internet program.

Commentary Notes Growing Berisha 'Autocracy'

AU3103063095 Tirana E DJATHTA in Albanian 24 Mar 95 pp 1-2

[Unattributed commentary: "Albania Without a De Facto President, the Democratic Party Without a De Jure Chairman"]

[FBIS Translated Text] On 22 March, Mr. Sali Berisha gave yet another marathon news conference before an audience in which journalists seemed to be in the minority. At this news conference, Mr. Berisha once again discussed all kinds of domestic and external problems, introducing far fewer new elements than before and very few things that could be remembered for long.

The conference showed that Mr. Berisha, though holding the post of president of the Republic, is much more inclined to act as chairman of the governing political party, carrying out also the functions of head of government. He openly demonstrated that in Albania everything must pass across his desk, be assessed by him personally, and be announced to the people by him alone, even when it is a minor item such as the wires of the electricity grid. Thus, in actual fact, Albania is left without a president, because it has been converted into a country with a "leader," while the ruling party has now been left without a statutory chairman, having instead a more de facto, acclaimed chairman, the official president of the Republic himself.

That is why the original way of running the day-to-day party problems by a regency was invented. Selami received a hard blow, because he dared to put forward the idea of merging the post of party chairman with that of the prime minister. Immediately after this, Berisha in actual fact merged the post of the party chairman with the posts of prime minister and president.

It would of course be very bad for Albania if a single person could once again do whatever he liked, decide on everything, and proclaim everything. This would not lead us toward democracy but toward autocracy. Let us wait and see what the next news conference will bring about.

Socialists Affirm Stance on Early Elections

AU3103063195 Tirana GAZETA SHQIPTARE in Albanian 21 Mar 95 p 1

[Unattributed report: The Socialists: "Early Elections Are Needed"]

[FBIS Translated Text] Tirana—The Socialists are determined to have early elections as their objective. Yesterday, their General Steering Committee—over 100 people from all over Albania—convened together with the members of the PS [Socialist Party] parliamentary group.

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According to PS spokesman deputy Bashkim Zeneli, "how to respond to the strategy of splitting the PS, launched by our political adversaries; how to prepare for taking over power, considering early elections always as very near; how to make more efficient our policy in defending the justice of our alternatives"—all these questions and a broad analysis of the current political situation were some of the issues dealt with in yesterday's important meeting. The Steering Committee has prepared a declaration which will be published in the party press.

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Balkan Foreign Ministers' Meeting Proposed

AU3103104395 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 31 Mar 95

[FBIS Translated Text] Greek Foreign Minister Karolos Papoulias on 31 March visited the National Assembly, where he met National Assembly Chairman Sendov. The two exchanged information and opinions on the developments of bilateral relations, more specifically, parliamentary cooperation. Afterward, the Greek guest began a meeting with the National Assembly Foreign Policy Commission, which is still in progress.

The official talks between Ministers Papoulias and Pirinski ended earlier today. The two ministers said the talks were successful. They will give an impetus to bilateral relations, including the talks on opening new checkpoints along the common border and on reducing visa formalities.

The two ministers described as most important the common readiness to propose joint initiatives related to the Yugo conflict and the sanctions.

In response to the Bulgarian position, expressed yesterday by Mr. Pirinski, Mr. Papoulias made a specific proposal today: To organize a meeting of the states directly affected by the embargo at the level of foreign ministers. This meeting should take place simultaneously with the Black Sea Cooperation meeting in Athens in April 1995.

The Balkan foreign ministers meeting should discuss specific proposals for accelerating the search for a peaceful settlement of the Bosnia-Herzegovina war and eliminating the sanctions.

Naturally, the Bulgarian side accepted the Greek minister's proposal positively.

Dependence on Russia for Spare Parts Viewed

AU3003183895 Sofia KONTINENT in Bulgarian 25-26 Mar 95 p 8

[Commentary by Petko Bocharov: "Is Everything Not Just Eyewash?"]

[FBIS Translated Text] The speculations regarding the sudden postponement of Russian Prime Minister Chernomyrdin's visit to Bulgaria are continuing. Some people are saying that he became angry because President Zhelev describes our association with NATO as one of the most important priorities of Bulgaria's foreign policy. Others are saying that he was angered by Defense Minister Dimitur Pavlov's refusal to accept the Russian proposal for settling the Russian debt to Bulgaria, during his recent visit there. There also are other interpretations, all of which are based on the same assumption: Moscow has been angered, and wants to show it.

However, the Russians are claiming that nothing special has happened, and that Chernomyrdin has postponed his visit because of purely technical reasons. They admit that they owe Bulgaria $100 million and assure us that an agreement on the mode of payment will be reached by the governments.

However, the noise surrounding the debt and the related issue of Bulgarian-Russian relations prompts certain thoughts.

First of all, a debt of $100 million is nothing. This is a ridiculous amount of money in state economic relations. On the other hand, regardless of what people are saying, the manner in which Chernomyrdin's visit has been postponed was a demonstration. Such things simply are not done in diplomatic life, and when they are done, they pursue a specific goal: namely, to insult the other side. Thus one could safely assume that other, more profound reasons are involved in this case.

Alarming statements have been made by the most responsible factors in our Armed Forces regarding the threat to national security caused by the lack of spare parts for our combat equipment and Air Force fighters. Those are credible statements, because the situation in which Bulgaria finds itself (our national security fully depends on the supply of spare parts from a single country) is something unprecedented even in the stupidest regimes known to history.

However, our dependence on the USSR went far beyond the military sphere. Our dependence was total. It encompassed the economy, politics, and all other areas of life. It is no wonder that today we are suffering the bitter consequences of the dependency that was imposed on Bulgaria by a foreign force. Therefore, our crisis today is fully logical. At the time no one thought about diversifying our raw material or spare parts sources, as was the case in power or water supply. The fact is that the combat ability of an army has been depending on whether another state would or would not supply it with spare parts for its equipment and Air Force, and this creates a problem of huge dimensions.

Undoubtedly, Russia is trying to use Bulgaria's dependence on Russian raw materials and spare parts in order to influence our foreign policy; and recently those attempts have become very frequent. This must be stated publicly. President Zhelev's statements to the fact that he will strictly adhere to his constitutional prerogatives and will not allow a deviation from the road toward restoring our European identity, selected by the Bulgarian people, are not accidental.

Is the spare parts problem so fatal? Why are we the only ones who are facing such a problem? Did all former Warsaw Pact satellites not have the same uniform arms? Why is it that Hungary, the Czech Republic, and Poland do not have our problem?

No one could convince me that Hungary, the Czech Republic, and Poland were able to find a way of maintaining their Soviet combat equipment, while we are

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incapable of doing the same. How do those countries supply themselves with spare parts? By purchasing them, naturally. They are purchasing them from Russia, the former Soviet republics, and the arms markets elsewhere in the world. Russia is not giving them spare parts as presents. It is selling them for the same price one could purchase them elsewhere. The time of the "fraternal friendship" definitely is over. Today the friendship is free, but the cheese costs money. Everyone knows this, and it would be ridiculous to tell the people something else.

Perhaps Hungary, the Czech Republic, and Poland have money for spare parts, while we do not? Aren't people always saying that we do not have money?

The United Nations has lists of countries that are selling weapons to countries involved in conflicts. On one such list we appear as suppliers of weapons to Angola, already in the mid-1970's—apparently as suppliers to both sides. On another list we appear as suppliers of antiaircraft missiles to Ecuador. God only knows on what other lists we appear. Actually, perhaps God does not know—but our weapons companies known excellently; nevertheless, they are constantly trying to convince us that the military-industrial complex is in a very bad situation.

I do not think we are as stupid as certain interested political forces are trying to convince us we are.

Envoy Urges Restoring Military Trade Cooperation

AU3003164295 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 30 Mar 95

[FBIS Translated Text] Nirupam Sen, the newly appointed Indian ambassador to Bulgaria, gave a news conference today. He pointed out that in his talks with ministers and a Council of Ministers deputy chairman, he discussed restoring Bulgarian-Indian cooperation in trade with specialized and military products.

The basic topics of his talks in Bulgaria have been resuming the implementation of deals in this sphere that were signed in the past, or deals that have not been fully implemented, and the prospects of future cooperation, including production-sharing.

India is a very important market for Bulgaria's military production because India is not only interested in Bulgarian production but it also has the financial possibility of paying for the military products, the Indian ambassador said.

Ethnic Macedonian Organization Elects New Leaders

AU3003165795 Sofia DEMOKRATSIYA in Bulgarian 27 Mar 95 p 1

[Staff report: "Convincing Demonstration of Bulgarian Spirit and Unity"]

[FBIS Translated Text] The Internal Macedonian Revolutionary Organization-Union of Macedonian Societies [VMRO-SMD] held its third regular congress in Kyustendil over the weekend [25-26 March], amid exceptional security precautions. Almost 250 delegates from 180 branches adopted significant amendments to the charter. The scope of VMRO-SMD activity has been expanded. In the future, the organization will operate not only in Macedonia [the Former Yugoslav Republic of Macedonia, FYROM], but also in the rest of the ethnic-cultural territory of the Bulgarian nation. The VMRO-SMD Executive Committee, which will lead the organization between congresses, will be headed by cochairmen [as published] Kayna Draganova, up to now deputy chairperson of the VMRO-SMD, and Evgeni Ekov and Krasimir Karakachanov, who have been VMRO-SMD secretaries up to now. The post of honorary chairman has been established. Stoyan Boyadzhiev deservedly assumed this post. Nikolay Kunchev has been elected organizational secretary. Seven members of the Executive Committee have also been elected.

The delegates determined that the Ilinden United Macedonian Organization is a separatist organization of an unconstitutional nature, and that the legal authorities must deal with it. The attitude toward the Rights and Freedoms Movement [DPS] remains unchanged. The resolution on the basic directions of the VMRO-SMD, which has been adopted, points out that the organization will be an active factor in public life. It will enhance its international activity and restore its traditions and contacts in Europe and increase the number of its supporters.

The congress elected Chief Prosecutor Ivan Tatarchev, Kosta Tsurnushanov, and Valeri Nenov, president of the company Pioner in Kyustendil, honorary members of the VMRO-SMD. Mr. Tatarchev and Mr. Nenov received the special dagger of the organization, while the Kyustendil businessman was presented with a handgun used by the organization members during the Ilinden Insurrection [uprising by Macedonians against Ottoman rule on 2 August 1903].

The congress participants laid wreaths at the monument of Todor Aleksandrov, paying their respects to the memory of one of the most famous figures in VMRO-SMD history.

Commentary Praises New VMRO-SMD Moderation

AU3003165995 Sofia KONTINENT in Bulgarian 27 Mar 95 p 8

[Commentary by Konstantin Subchev: "From Bomb to Word"]

[FBIS Translated Text] The Third Congress of the Internal Macedonian Revolutionary Organization-Union of Macedonian Societies [VMRO-SMD] prompts many thoughts about our political life.

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The heirs of Todor Aleksandrov and Ivan Mikhaylov certainly evoke rather unpleasant associations among a part of Bulgarian society. However, no one could deny their principled attitude and consistency.

Thanks to its traditions and material independence, which set it apart from many nationalistic parties, the VMRO-SMD remains the only nongovernmental organization that is doing something to protect the Bulgarian national spirit across the border, and this means not only in Macedonia [The Former Yugoslav Republic of Macedonia, FYROM], but wherever history has placed Bulgarians under foreign rule. In addition, the VMRO wants to achieve its goals through a method that fully corresponds to the modern European idea—not by removing borders but by opening them.

From a purely political and ethical point of view, the VMRO-SMD "revolutionaries" put to shame the hordes of bankrupt politicians who flooded 20 Positano Street [headquarters of the Bulgarian Socialist Party, BSP] after its election victory. Unlike those politicians, the VMRO-SMD chose to have an alliance with the Union of Democratic Forces [SDS]—which lost the elections—rather than change its negative attitude toward the BSP, despite the fact that the organization had had a "red" offer.

Naturally, the VMRO-SMD members are not angels, and they suffer from a weakness for theatrical effects and certain manifestations of extremism. These, however, are the inevitable weaknesses of an organization with a stormy past. The most important thing is that the VMRO-SMD is successfully adapting to present day realities, replacing the bomb with the word.

Cabinet Approves Proposals for Dismissal, Budget

AU3003165095 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 30 Mar 95

[FBIS Translated Text] The cabinet envisages a deficit of 47 billion leva in the final version of the 1995 national budget draft bill, which is to be submitted to the National Assembly. This is 5.6 percent of GNP, whose volume has been put at 800-850 billion leva. The deficit increase of 5 billion leva, compared with the draft budget version approved at the previous cabinet meeting, is a result of increasing the funds envisaged for technical supplies for the Army and Police, and of increased financing of health protection, science, culture, and infrastructure projects.

Lyubomir Kolarov, member of the 37th National Assembly, is the new chairman of the Postal and Communications Service. Valentin Karamfilov has been appointed chairman of the Forestry Committee.

The cabinet approved the proposal of the minister of internal affairs to approach the president with the request to issue a decree on dismissing Stefan Dimitrov from the post of chairman of the National Security Service.

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Government Unhappy With Unions' Politics

95P20645A

[FBIS Media Note] Media sources indicate that the government of Prime Minister Vaclav Klaus is concerned about the growing political slant of the Czech trade unions.

Discussing the government's failed efforts to persuade the Czech-Moravian Chamber of Trade Unions to call off a demonstration planned for 25 March to protest the government's proposals for new social legislation, Klaus said in a 14 March interview with Prague Radiozurnal Radio Network that, although Richard Falbr, the union organizations' chairman, "seemed to favor a compromise" with the government, "others" in the trade union presidium did not, and, therefore, the compromise "was not adopted." This, Klaus added, was "a pity for this country" because "we are now where we were before," implying that there is no prospect of renewing negotiations between the government and the unions. Klaus said that "nobody" could expect the government to start the talks while simultaneously having to listen to "the cries from the Old Town Square," where the demonstration is to take place.

In an earlier interview printed in DENNI TELEGRAF on 3 March, Klaus took a relatively conciliatory stance toward the unions' political ambitions. He even suggested that, rather than merely recommending to its membership those candidates it wanted to see elected, the unions should not merely stand on the sidelines but directly enter the political arena by registering "as a political party." That, he said, "would be fair."

Croatia's Refusal To Extend UNPROFOR Mandate

95CH0141B Prague RUDE PRAVO in Czech 30 Jan 95 p 12

[Interview with Alexander Vondra, first deputy foreign minister, by Vera Ivanovicova; place and date not given: "Czech Republic Uneasy About Croatia's Refusal To Extend UNPROFOR Mandate"]

[FBIS Translated Text] The Czech Republic [CR] has at present about 1,000 members of UN Protection Forces (UNPROFOR) in Croatia. They are deployed in sector South, whose commander is also a Czech, Major General Rostislav Kotil. Their base is in Korenica.

The first Czech troops came to the area of Plitvice Lakes in April 1992, still as part of a Czechoslovak battalion. During the existence of the CR Army, more than 2,000 soldiers took turn in the Czech battalion. In view of Croatia's decision not to extend the mandate of the blue helmets on its territory, we asked the First Deputy Minister of Foreign Affairs several questions.

[Ivanovicova] What is the stance of CR on Croatia's intention?

[Kotil] CR is uneasy about it. We are afraid that in case UNPROFOR leaves Croatia, any kind of incident could escalate into open Croat-Serb war. The UN forces in Croatia are fulfilling their mission, that is, they are helping to maintain peace. The long truce has enabled the Croats and the Serbs to make the first, especially economic, agreements about mutual cooperation. The logic of cooperation thus outweighed hostility, and it would be a pity if this albeit slow, but favorable process were to come to a halt or be reversed.

[Ivanovicova] If it comes to a withdrawal, will we prepare a special plan or will we proceed in line with the UNPROFOR joint command?

[Kotil] I believe it is still too early to publicly speculate about the method of withdrawing UNPROFOR. Its mandate for Croatia is in force until 31 March, and there are still two months available for negotiations. For example, a mutual recognition of Croatia and Serbia could change Croatia's present hard position. But when the time comes to withdraw the Czech battalion, we would, of course, proceed in cooperation with UN and the NATO partners.

[Ivanovicova] Will CR take an official stand on this matter, or only in the UN Security Council?

[Kotil] We stated our position on the future of UNPROFOR several times. Most recently last Monday, when during the meeting with President Tudjman the Czech ambassador in Zagreb together with the EU "troika" called on the Croatian government to consider the possibility of extending the mandate of the peacekeeping forces. Naturally, the final word on this matter will have to come from the UN Security Council. CR is a member as well.

Klaus on Czech Role in European Integration

95CH0167B Prague PRAGUE POST in English 15-21 Feb 95 p 11

[Article by Zdenek Velisek: "Cautious Prime Minister Prefers a 'Free' Europe"]

[FBIS Transcribed Text] Prime Minister Vaclav Klaus delivered a speech on European integration to the Parliamentary Assembly of the Council of Europe in Strasbourg January 30. The ideas he developed in that address did not coincide in several aspects with those usually preached by European Union headquarters in Brussels.

Klaus' approach was based, among other factors, on the following premises:

- The Czechs understand their European identity as "an obligation to safeguard and preserve their distinctive features because they believe these are exactly what they can offer to Europe."
- The unfortunate experience of 40 years of communist rule in their country makes Czechs "very sensitive to

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all kinds of deficiencies, disturbances and violations of freedom."

- Czechs' approach to the European institution is based more on the ideas of openness; freedom; exchange; and other voluntary, spontaneous activities than on ideas of constructivism, statism, interventionism, regulation and controls.
- The Czechs are convinced that Europe as a concept exists and is very real. But they are not sure it should materialize in institutions.
- The Czechs do not think Europe should strive to become stronger or bigger to be able to compete with the United States or Japan. But, on the other, they believe in creativity, motivation and openness as well as in the elimination of all man-made restrictions, impediments and fences.

It is pertinent to mention that when the prime minister says "we" (which I transcribe as "Czechs"), he probably means "I" or the Czech government. An ordinary Czech citizen does not yet give the concept of Europe and his own approach to it such deep thought.

Nevertheless, the prime minister's vision does reflect, to a certain extent, the state of mind of Czech society. Or perhaps it's more accurate to say the state of the citizens' subconscious. But at this moment, it is not yet possible to judge to what extent Klaus' thinking coincides with that of the man on the street. Certainly, different opinions abound among Czech people, ranging from unconditional acceptance to refusal of EU (European Union) membership.

But having experienced the failure of being governed from outside one's country is without a doubt at the root of the prime minister's distrust of the very rigorous and strict vision of an institutionalized Europe as stipulated in the Maastricht Treaty. As a matter of fact, the prime minister's words in Strasbourg seem to have been an attempt to shatter the Maastricht concept of Europe.

"We want a free Europe," Klaus said. "We want European institutions which would enhance freedom of individuals...which would contribute to the welfare of all of us. We do not want institutions which would try to control us, regulate us, coordinate us, organize us, prefabricate us. European institutions are no more than an instrument, not a goal, and must be understood with this in mind. They must be strictly instrumental and should never substitute the real goals. For me, this is not a commonplace."

"The original vision of Europe, oriented to promote welfare by removing trade barriers and by creating a common market, a vision accepted by most Europeans, has been replaced by a more comprehensive vision, by the idea of Europeanism—in other words, more coordination from a single place, more uniformity in policy, common policies in many fields, belief in extensive regulation, reduction of the authority and responsibility of nation-states, efforts to create a European identity."

The head of the Czech government definitely objects to the Maastricht vision of a united Europe. At another recent international gathering, Klaus said he doubts very much that all 15 EU members could have a common currency before the end of this century. And it is true that his views of European integration have been found to be distinct from those generally accepted in the EU. It is also true that he is known by his penchant for a Thatcher-style reserve to the continental concept of a united Europe.

We Czechs are not yet so far along as to distinguish very precisely between the different visions of Europe that citizens of EU member states have already been obliged—or will soon be obliged—to accept or reject. What we Czechs are certain of is that we are in, and have always been in, the heart of Europe. Ours is a truly European culture, and after decades of ostracism, we desperately need to be treated as Europeans, to belong to all basic European institutions and to function as Europeans.

Or, in Klaus' words: "We are...true Europeans, and with all our questions, doubts and sometimes objections, we want to actively participate in the process of European integration and to become a full member of the European Union as soon as possible."

Questions, doubts and sometimes objections—aren't they legitimate at a moment when a huge discussion is being held on the future of Europe and, more specifically, the future of the European Union?

Popular Brno Gets Ready for Next Fair

95CH0167A Prague PRAGUE POST in English 15-21 Feb 95 p 6

[Article by Gary Byrd: "Brno Fairground Is Oversubscribed"]

[FBIS Transcribed Text] Brno—With a projected attendance of 1.5 million visitors this year, the Brno Fair and Exhibition Center (BVV)—a sprawling complex of industrial-sized convention halls—is one of the most popular convention venues in this part of Europe.

But, in a way, the exhibition site might be too popular for its own good. BVV has attracted so many trade shows this year that it actually had to shunt half a dozen to competing exhibition centers—it simply couldn't squeeze them onto its busy calendar.

In 1994, BVV rented 400,000 square meters of exhibition space, the most in its history. The concept behind building the fairgrounds back in 1928 was to promote local industries—especially the strong engineering industry. Sixty-six years later, the number of exhibitors at the 1994 International Engineering Fair topped 3,000 and drew more than 170,000 visitors, making it the largest trade fair of the year.

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Another mega-show in 1994 was the Invex-Computer Fair. Just over 900 exhibitors crammed into 37,000 square meters of floor space. The computer show attracted 127,000 visitors, including Microsoft mogul Bill Gates. The event even beat out Vienna's IFABO [expansion not given] show in the battle to be Central Europe's dominant computer trade fair.

Other popular fairs on BVV's calendar include Fibex, which concentrates on finance, investments and banking; Autotec, a truck and utility-vehicle show; and the international consumer goods fair.

Although BVV's popularity is soaring, not all exhibitors are singing the company's praises. Some exhibitors complain that the complex is such a powerhouse that it's able to use its lock on the trade-show market to give favorable treatment to those exhibitors who pay BVV to set up their booths—assigning them better sites than those who set up booths independently.

Jaroslav Kominek, who heads the Association of Exhibitors, a group of exhibition organizers, states, "If the trade-fair company is going to allow us to compete with other exhibitors, it should give us similar conditions for running our business."

The Ministry for Economic Competition levied a 1 million Kc ($37,000) fine against BVV last August in response to exhibitors' complaints about the fairground's exhibition policy. BVV is contesting the fine.

But regardless of the outcome, the association's challenge to BVV's practices is an indication of how important it is for exhibitors to procure a prime spot for displaying their wares at the fairgrounds.

In 1994, exhibitors from 55 countries and heads of businesses from around the world flocked to BVV's spacious pavilions—large enough to house a space shuttle—to check out the latest products available in an array of markets.

Among the reasons cited for the company's success are an aggressive marketing campaign and the location of its fairgrounds. Brno is within about a two-hour drive of Vienna, Prague and Bratislava. Further, the fairs offer a venue for business people from Central Europe and Western countries to hammer out technical answers to complicated, post-communist business problems.

Of course, not all those who come to the fairs are wheelers and dealers looking to sign contracts. Leo Pisker, for instance, traveled from Vienna to visit the Pivex Fair—a beer show—to show off his collection of 142,000 beer labels from 159 countries, a collection that landed him in the *Guinness Book of World Records*.

BVV's financial outlook is sunny: Company officials say revenues in 1993 reached 1.3 billion Kc, an 11-percent increase over 1992, with a pretax profit of 253 million Kc. BVV's chief accountant, Ales Enenkel, says the fairground cannot yet release 1994 figures, but he says that revenues and profits should be about the same as they were in 1993.

Although the fairground, adjacent to Brno's historic center, has no free slots available on its 1995 calendar, BVV officials are hoping to maximize revenues by drawing larger numbers of exhibitors to already-scheduled events and boosting attendance. BVV officials feel the company is well on its way to becoming the largest of its kind in Central Europe.

BVV spokeswoman Natasa Raevova says, "Exhibitors will continue to come because they know our trade fairs are a guaranteed success."

Economists Predict Unemployment Will Not Go Up

95CH0157E Prague PRAGUE POST in English 14 Feb 95 p 6

[Article by Michele Kayal: "Jobless Rate Is in Little Danger of Steep Climb"]

[FBIS Transcribed Text] Question: What's harder to find than an apartment in Prague?

Answer: An unemployed Czech.

When the numbers are finally tallied for 1994, unemployment in the Czech Republic will come in at an incredible 3.2 percent—less than one-third the average rate in Western Europe and much lower than the double-digit unemployment plaguing the infant free markets of Poland, Hungary and Slovakia.

Roughly 40 percent of the Czech work force has experienced unemployment at some point in the last four years, but not for very long. And economists say that, despite continuing layoffs at some of the Czech Republic's biggest companies, the unemployment rate won't rise fast anytime soon.

"Unemployment in two or three years will reach about 5 percent and will oscillate around this (figure)," says Kamil Janacek, chief economist for Komercni banka and former deputy minister of Labor and Social Affairs. "In the long term, unemployment will not go up."

A booming service industry has taken up much of the slack, with shops, restaurants, bookstores, banks and dry-cleaners employing nearly half of the country's 5.2 million workers. The "gray market"—made up of consultants, small-business entrepreneurs, construction workers and under-the-table outfits that are not officially registered with the government—accounts for an estimated 5-10 percent of the work force.

New private firms need employees, and as the economy begins to grow—as it did last year for the first time since 1989—more work will need to be done.

Throughout the transition from a planned economy, the government has quietly continued to play out its role.

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"Maybe there will be a small hurt," says Mitchell Orenstein of the Institute for East-West Studies. "But this transition has been very well-managed."

Although government officials like to boast that 80 percent of the country's wealth in 1995 will be produced by private industry, the fact is that many "privatized" companies are largely owned by government institutions such as Konsolidacni banka, which consolidates companies' bad debt, or the National Property Fund, which manages companies in transition.

The government also offers early-retirement incentives to laid-off factory workers, and last year, it spent $28 million on job creation and retraining. Government-enforced wage ceilings make it cheap for employers to keep workers, and a tight-fisted currency policy has made the crown an undervalued commodity, allowing marginal Czech exporters to stay in business.

"It's possible even to export stones to Germany," says Jan Mladek, an economist at the Central European University's privatization project.

However, protection from unemployment isn't universal.

In some regions of the country, where whole industries, such as coal or steel, have been downsized, and low population density makes a service sector only marginally profitable, unemployment can reach 20 percent. Increased layoffs throughout the country loom on the horizon as more bloated state companies face restructuring in private hands, unions begin to push for higher wages and the boom in the service sector slows.

Nevertheless, workers in the country's urban areas—where unemployment hovers around a fraction of 1 percent—seem satisfied.

Jaroslav Janovsky, who will lose his secretarial job at the end of February when his office near Wenceslas Square closes, says he was "a bit worried at first" when he heard that his job was disappearing.

In particular, he thought that his age—he's in his late 40s—would be a handicap.

"But much to my surprise," he says, "I was able to find something in just a few weeks."

Battle Against Organized Crime Intensifies

95CH0167C Prague PRAGUE POST in English 15-21 Feb 95 p 1

[Article by Timea Spitkova: "Long Arm of the Law Moves To Tie Hands of the Mob"]

[FBIS Transcribed Text] Czech police claim they are unable to keep one step ahead of the increasingly sophisticated methods and equipment organized crime groups are using. So, with help from the U.S. FBI, the government currently is drafting tough new laws to help police in their battle against the mob.

"(The people involved in organized crime) are now utilizing truly sophisticated methods, unlike when it all began," said Josef Kutek, head of the police organized crime division.

In a 1994 visit to the Czech Republic, Louis Freeh, director of the U.S. Federal Bureau of Investigation, said the implementation of strong legislation is absolutely necessary to curb the growing problem of organized crime in the region.

According to Freeh, the United States committed a serious error in spending far too much time debating such legislation. The delay has hampered the fight against organized crime, he said.

Vladimir Kral, director of the Ministry of Justice's crime legislation department, which is responsible for drafting the mob-fighting amendments, said the department's actions are an attempt to bring current laws up to date. Kral said the initiatives resulted from cooperation between the FBI and the Czech government.

The amendments aim to allow police to implement advanced crime-fighting methods, such as deploying agents to infiltrate organized crime groups. These agents would be able to participate in all activities of the group without being subject to criminal charges.

The new amendments would further allow the justice system to assess more severe punishment for crimes committed by a member of an organized group. In many cases, sentences for specific crimes would be increased by one-third when committed by a member of the mob.

Extortion is one of several areas in which organized activity has increased during the past year, police said.

"It is a sure and quick way of making profits," said Martin Cejp, an investigator with the Institute of Criminology and Prevention of Antisocial Behavior.

A survey conducted by the institute indicated that 16 percent of business people had been threatened with extortion at least once. Most paid up—on average, between 5,000 Kc and 50,000 Kc.

According to police, few business people file complaints. "They believe that if they make the payment once, they will be left alone, but the opposite is true," said Kutek. The police get complaints only when the victim is unable to make payments, he added.

The amount of money that finds its way into the hands of organized criminals is not the government's biggest worry, however.

"What is the most dangerous thing about organized crime is not that it makes a lot of money, but that it has the tendency toward power," said Vladimir Shuman, head of the parliamentary committee for security. "This means that it tries to enter state structures by offering large bribes and, by getting power there, it becomes part of the state."

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The proposed amendments are seen by the Czech government as a necessity in dealing with an increasingly acute problem.

"We have only two alternatives," said Shuman. "Either we harmonize with European norms and become part of the current region from which organized crime will be pushed out, or we do not accept these laws and we become part of the region in which organized crime will flourish."

Changes in Postcommunist Society Examined

95CH0173A Prague NOVA PRITOMNOST in Czech No 1, Jan 95 pp 14-15

[Article by Jiri Musil, Ph.D., candidate of sciences, sociologist, director of the Prague branch of the Central European University: "The Search for the New Czech Society"]

[FBIS Translated Text] Recently, an acquaintance from the United States asked me to explain to him how it is that the Czech Republic, in comparison with many other postcommunist countries, despite deep changes in its economic and social system, has remained politically stable and is now in the fourth year of relatively successfully pursuing a program of liberalizing its economy and at the same time shaping new systems of social policy, law, and, in part, also state administration.

When I attempted to respond to his question, I found that I would not be successful without providing at least the most elementary explanation of the contemporary as well as older Czech society. And this would include an explanation of the kind of values Czechs prefer, how they are similar to people in other postcommunist countries and, on the other hand, how they differ from these people. And then I realized that we are lacking a well-rounded sociological picture of our society, that our current thinking and discussion regarding the shaping of Czech society is conducted primarily in the language of economics and law and to a substantially smaller extent by philosophy and history and only quite rarely in sociological terms. And at the same time I felt that the question as to who we are and what kind of people we are is not only being asked by foreigners, but also by many of our own people.

As is indicated by the principles of sociology, societies can be understood if we know their population, if we are familiar with their culture, which is shaped by an aggregate of knowledge, belief, values, morality, customs, when we know about their main economic, political, legal, religious, family, and other institutions, and, finally, when we are familiar with their social organization and the structure of their social strata. And, of course, if we know about the internal tensions and conflicts that exist between individual components of society and between the interests of the individual social strata and groups. The successes or failures of our transformation are undoubtedly the consequence of the concept which was used in transforming Czech society on the one hand, and, on the other hand, they are also the consequence of the specific characteristics of this society. By this I mean to say that our past is of great help to us.

The preferred values and life and political attitudes which exist in contemporary Czech society are related to several historical layers of collective experience and, naturally, to fundamental socioeconomic and cultural characteristics of this society. Let us at least nominally first mention these structural characteristics.

Czech society is numerically small and is aging rapidly in terms of demographics. In modern times, it has been and is socially incomplete. In comparison with the mature West European societies, it was virtually completely lacking in nobility and in a stabilized grand bourgeoisie. But it can nevertheless be said that we did have our Kinskis rather than our Buddenbrooks. Our society is also expressly discontinuous and in a state of flux because, in comparison with West European societies—perhaps with the exception of Germany—it has suffered repeated social earthquakes. These social earthquakes were, for the most part, caused by changes in the political framework; changes occurred frequently under exterior pressures. They were manifested several times in the liquidation of economic and legal foundations of entire social classes: following World War I, it was the numerically weak nobility; after 1945, the grand bourgeoisie, which was weak to begin with; after 1948, it was also the petite bourgeoisie and later even the peasantry. Any kind of continuity can be observed only with regard to three strata: white-collar workers, the intelligentsia, and manual workers. But even these three strata experienced unprecedented internal changes in the 20th century. After 1950, the working class was heavily changed as a result of the great influx of people from agriculture and, to a lesser extent, from the middle and upper classes. What is important, however, is the fact that all of these changes occurred within the framework of an already highly industrialized and relatively well-urbanized society—that is to say, within a modernized society. This, in turn, imparted a special character to these discontinuities.

In the good as well as bad sense of the word, Czech society was and is a society of small and medium-large towns. The greater portion of the Czech working class lived in small towns and in rural areas. Not even industrial workers were concentrated to an extent which exists in the other industrial countries of Europe. In the 19th century, small and medium-size towns played a key role in the renaissance of Czech national life. The Czech sociologist Vaclav Lamser once wittily noted that even the Czech Communist Party was provincial in character. In polls conducted to determine the preferred location of domiciles, Czechs repeatedly preferred medium-size and small towns over large cities and rural communities.

After 1948, this society—with the exception of the city of Prague—continues to be unusually homogeneous in

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terms of nationality. It must be added that between the years 1948 and 1989 Czech society was perhaps among the most artificially isolated European societies. The limitation of direct contact with other cultures, with their way of life, and the degree to which society was closed attained unprecedented dimensions. Let us add that our society belongs among the highly secularized societies in present-day Europe with a very lukewarm attitude toward religion. Nevertheless, we should not overlook the fact that Czech society has two components—the Catholic as well as the Protestant component. Catholicism was an important idea behind the establishment of Czech traditionalism, whereas Protestantism was more likely the starting point for the liberal and modern view of the world. The variously strong influence of traditionalism and modernism, as well as the influence of the derived religious ideologies, are an important side not only for the cultural, but also social and political aspects of the history of Czech society.

A significant characteristic of the structure of our society is also the decent level of education, particularly the strong representation of citizens who have a middle school education as well as the specialized and technical advanced school education. We have a deficit in terms of people with education in the social sciences, particularly in economics, sociology, political science, etc.

Nevertheless, the listing of structural characteristics and their changes is insufficient to explain why certain values and internal attitudes prevail in our society today and give rise to political and economic forms of conduct. This perception also requires the knowledge of collective experiences of the population, that is to say, the successes and traumas lived through by the populace and which are reflected in the thinking and feelings of the populace. Let us begin with the successes. Somewhere in the depths of the Czech consciousness there continues to live the experience surrounding the successful rebirth of the ethnic Czech and his membership in other European national societies; the experience of shaping and efficient and competitive agriculture and industry and the creation of a decent technical culture; the experience involved in the establishment and creation of an independent state after 1918, and the feeling that we stood on the side of democracy in the great conflagrations of the 20th century. However, the balance of Czech traumas and failures is daunting: the frequent forced change of geopolitical frameworks, of political regimes, alternating political and world-view loyalties, not so much from internal conviction; experiences of deep disappointment based on betrayal by allies, feelings of shame that, as a nation, we did not defend ourselves in critical situations, and particularly because, in sufficiently great numbers, we collaborated with the regimes which were forced upon us, and that we intellectually and morally succumbed to the radical leftist orientation after 1945. And, finally, the fact that we were unsuccessful in preserving the common state with the Slovaks.

There is no doubt that after 1989 Czech society is once more being structured. This is not a case of what German sociologist J. Habermas and others, such as, for example, French historian Francois Furet, called rectification, that is to say, a mere return of society to the original path. We could list proof from all areas, ranging from the state framework through the economic and social structure of the new republic. Also, the external context has changed—our neighbors and Europe as a whole. Undoubtedly, a new social structure is crystallizing in which, to a certain extent, there occurs a reproduction of elites, but also the formation of elites from new social groupings. The peaks of the political elites have undergone the greatest change, the lower components of the political class have also changed, but no longer so specifically. A part of the old political elites spilled over into the economic sphere and a portion of them experienced real social decline. The situation of the old cultural elites is determined by the great plurality of cultural life and the existence of politically differentiated media. Moreover, even here, as has been said before, new elites are forming.

But a society is not only its social structure; a completely inevitable component of society are its values, which function as internal compasses orienting the conduct of people. In viewing this component of the newly forming Czech society, opinions diverge to the maximum. According to one commentator with a friendly inclination toward us, Czech democracy is creeping along the wall. Our foremost politicians, however, assure us that standard democracy is already functioning in our country. One way to bring a little clarity to this matter is to look at the results of comparison studies which compare popular attitudes in various countries, including the Czech Republic, with regard to political questions. French sociologist Pierre Kende read a paper last year in Prague on the political views of the population in nine postcommunist countries of central and East Europe. Czechoslovak respondents to the question as to what democracy is all about responded most frequently of all that it had to do with freedom and responded least frequently of all that it had to do with equality and also with reducing unemployment. Only 20 percent of the respondents from the CSFR judged that profits should be restricted, as opposed to 60 percent of the respondents in Bulgaria or 50 percent in Hungary, but also 42 percent in Slovenia. In Czechoslovakia, the least number of people, in comparison with the other eight countries, felt that the government should provide everyone with employment—only 57 percent felt that. In Hungary, this number was 71 percent. In Czechoslovakia, the largest number of people also felt that state enterprises should be returned to their former owners. What was noteworthy was the fact that in Czechoslovakia, of all the nine countries involved, the least number of respondents felt that "as long as everything works, I am not concerned as to who is in power." This answer was given by 55 percent, whereas, for example, in Romania it was 79 percent, in Bulgaria 77 percent, but even in Poland there were quite a number of answers of this kind, that is to say, 64 percent. But Czechoslovak respondents, more

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than respondents in the other countries, felt that the differentiation between the rich and the poor was a serious problem and their judgments were somewhere at midpoint. Together with Slovenes they thought least frequently that "a few leading officials with a heavy hand would be more useful for society than the mass of democrats who only meet and debate."

A recently conducted investigation of municipal politicians in 15 countries, four of which were Western countries, as conducted by the American-Polish group of sociologists H. Teune and K. Ostrowski, indicates that as far as representation by "democratic-type" politicians, the Czech Republic was best off among the 11 postcommunist countries. In this category, it had greater representation even than Switzerland and Austria. It also had very few so-called old-timers, but relatively many authoritarian politicians. However, our people had less confidence in local politicians than exists in the majority of postcommunist countries and in the West. Our politicians were also characterized with their high support for capitalism. They expressed this support to a greater extent than was the case in Western countries and in the remaining postcommunist countries. In their cumulative evaluation, Teune and Ostrowski ranked the Czech Republic and part of Hungary in the zone of so-called Western political culture. the remainder are in the central European and so-called Soviet-type culture. From this analysis, the Czech Republic emerges as an expressly capitalistic and democratically oriented country, but one having authoritarian elements, combined with little confidence in people and a weak degree of localism. A number of other comparative studies, which cannot be cited here for lack of space and which compared us with other societies in central and East Europe, tend to confirm the picture which we have sketched out. In Czech society, there is more individualism and less confidence in the economic role of the state, but the state is accepted as a political authority; there is also more appetite for business and a willingness to take on risk and to adapt to new conditions and more confidence in the newly emerging economic and political system. Within the framework of our reaction to the recent past, our views are less "social" than those of some Western societies, even though, in actual fact, this is not likely to be the case.

Despite all of the above-mentioned shocks to the social structure, despite the traumas which Czech society suffered in the 20th century, and despite the highly disturbing manifestations of contemporary private and particularly public morality, there is a certain positive sociological code at work in Czech society. Modern-day Czech society, thanks to its structure which was shaped in the 19th century and during the first half of the 20th century and thanks to its key personalities upon which it orients itself and also thanks to its experiences, has essentially preserved democratic "instincts" in the deeper layers of its consciousness. From this viewpoint, not even our present society is as "new" as we think. It undoubtedly cannot be returning to the society of the interwar years but should exploit its code and should cultivate it. Such a look into the future, where the past is utilized to aid the present, would undoubtedly fortify Czech democracy.

Research Detects Polarization Within Society

95CH0141A Prague LIDOVE NOVINY in Czech 25 Jan 95 p 5

[Article by Eva Martinkova: "The Satisfied Versus the Dissatisfied"]

[FBIS Translated Text] The Center for Empirical Research, which every month charts the sociopolitical climate in the Czech Republic, made an interesting observation concerning the evaluation of the past year: The way citizens view last year indicates a significant polarization of our society. As far as evaluating their personal life, the year 1994 is considered on the whole successful by 58 percent of the respondents and unsuccessful by 42 percent of the respondents. Success in the development of the entire society last year was seen by 52 percent of those queried. It was considered a failure from the standpoint of nationwide development by 48 percent of those queried.

A more detailed analysis of these responses and their comparison with last year's data suggests that we have here two stabilized groups of citizens. There is a close connection between the private sphere of personal life and the social sphere. Almost three-fourths of the population had the same attitude toward both spheres, whether it be a positive or a negative one.

To put it more simply, in our society there exist two groups of citizens of approximately the same size. One group is satisfied, the other dissatisfied. The first group consists mostly of young people and people of young middle age up to 44 years, people with an income of more than 5,000 korunas, high school and college graduates, and among the professionals students, entrepreneurs, and small businessmen. These are people with a political orientation to the parties of the governing coalition, with greater interest in politics and public affairs. Last year is rated unsuccessful mainly by people with only basic education or vocational training, older people, people in lower income categories, retirees, the unemployed, and citizens of leftist orientation. The regime therefore gets support from a group of citizens which does not have a significant numerical superiority, but rather is noted for its activity within the society. It is a support that comes from young and educated people. But the politicians should not rest on their laurels on the basis of this fact. The ratio of approximately one-to-one between the satisfied and the dissatisfied is certainly interesting from the standpoint of sociological research, but it does not mean stability. On the contrary, any political step could upset it.

The next year will be the year when many laws in the social sphere will be enacted. It would be enough if the

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dissatisfied group failed to understand them, if it got the feeling that they are directed against it. It would be enough to have some other affairs which are not important because of their practical impact but precisely because of their ability to influence public opinion. From the evaluation of politicians, where Dienstbier and Zeman score high points, an effort to find a leading opposition personality could become evident. The government must, in taking all its steps, count with the dissatisfied half of the population. That is all the more difficult because the reasons for the dissatisfaction often are not very rational.

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Poll Shows 61% Support Mochovce Completion

AU2803112195 Bratislava NARODNA OBRODA in Slovak 24 Mar 95 p 4

[TASR report: "Majority of Citizens Support Completion of Mochovce"]

[FBIS Translated Text] Mochovce—A few days ago, Slovak Radio's Methodological Research Department in Bratislava conducted a public opinion survey, in which 61 percent of 1,037 respondents voiced their support for the completion of the Mochovce nuclear power plant in Levice district. The results of the survey showed that agreement with the construction and operation of the power plant tends to be higher among citizens with a higher level of education and among people between the ages of 35 and 55. From the viewpoint of gender, men have a more positive view of nuclear power plants than women. An interesting outcome of the survey, one that evidently reflects the power plant's active information campaign of late, is that, in areas in the vicinity of Mochovce, a positive attitude toward the completion of the power plant is more frequent than a negative one.

Chances of Government's 'Ambitious' Program

95CH0140A Prague LIDOVE NOVINY in Czech 24 Jan 95

[Commentary by Vladimir Misauer: "Vladimir Meciar's Third Attempt"]

[FBIS Translated Text] At the end of last week, the National Council of the Slovak Republic [SR] approved the program presented by Meciar's cabinet. It came about after a two-day debate, which featured, in addition to the opposition's objections to the government's program, also a number of speeches that often turned into hateful personal attacks which faithfully reflected the polarization of Slovak society.

When defending the program of his government, Prime Minister Meciar reminded the deputies that this is the sixth government that Slovakia has had since 1989 and the third which he himself is heading. He called the government's program an ambitious plan which should place Slovakia among the developed countries of Europe in terms of economic efficiency and the living standard of its population by the year 2010 at the latest. In this connection, the deputy prime minister of his cabinet, Sergej Kozlik, characterized the economic part of the program as an unprecedented plan that has no analogy in the postcommunist countries.

The foreign policy part of the government's program quite clearly expresses the intention to continue the present integration of Slovakia into the European and transatlantic political, security, and economic structures. The interest in aiming for inclusion in the EU is stated in several places in the program, according to one of the opposition deputies it appears in the entire document more than 40 times. The emphasis on the pro-Western orientation of Slovakia can only be evaluated positively, but there is concern about this plan actually being carried out, considering the well-known opposition of one of the members of the governing coalition, the Association of Slovak Workers (ZRS), which characterizes the policy of the IMF, the World Bank, and the EU as "plunging the world into barbarism." Certainly deserving of positive evaluation is the macroeconomic plan of the government to reduce inflation and unemployment below 10 percent and energize the efficiency of the economy, so that the yearly GDP rate of growth would reach 5 percent on the average, or reduce the share of the state budget deficit in the GDP below the level of 3 percent. However, the agreeable statements of the government about speeding up the transformation, especially of ownership relations, again collide with ZRS's declared opposition to privatization, which according to it is the "source of a speculative economy, destructive of the industrial, agricultural, and the overall economic base."

Besides the many inconsistencies in the government's program which flow from lothe differences of the coalition parties' programs, the program of Meciar's government is faulted for the absence of concrete steps by which he wants to attain the mentioned macroeconomic objectives. The passages in the program which deal with the transition from a restrictive policy to a growth stabilizating policy are therefore judged by the opposition to be a composition far removed from reality.

The government's program is also faulted for its contradictions. On the one hand, for example, the government expresses its interest in creating a functioning market economy, on the other hand, it is determined to establish a "socialist" ministry of construction. Opposition economists fear that inflation could be triggered by the government's plans to finance development programs, for example, to complete the construction of the freeway network financed from extrabudgetary resources, including special-purpose issues by the Central Bank.

Besides the positive plans, there are passages in the government's program which, despite repeated assurances about maintaining constitutionality and following European legal norms, raise questions. In the part devoted to the army, it is stated that in supplementing the SR Army during mobilization, an important place will belong to "regiments and units of the National Guard." However, under whose control the National Guard will be, and why it is being created, the program does not say. Many opposition deputies thought the passages dealing with the media disturbing. For example, the government intends to enforce that the Slovak Press Agency, television and radio work in accord with "national-state" interests. Questions are also raised by the plan to create an agency for information systems and an extragovernmental information agency.

Representatives of the Hungarian minority expressed their concern about the government's plan to draft a law

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on the official state language in order to protect the interests of the state-forming nation. Another disturbing point is the formulation about ensuring that religious services are said in the state language in linguistically mixed areas.

The majority of opposition deputies evaluated the government's program as a schizophrenic document which they cannot support as a whole despite certain positive ideas contained in it.

The following months will show whether the government will abide by its program and whether an unprecedented program will become an unprecedented reality. Prime Minister Meciar is trying for the third time to fulfill the program of his government. So far he has not succeeded, because halfway through he was always removed from the position of prime minister. Now he is to govern in Slovakia for four years.

Capital Shortage Hurting Real Estate Market

95CH0171A Prague PRAGUE POST in English 15 Feb 95 p 4

[Article by Steven Mihallovich: "Slovak Real Estate Market Hurt by Lack of Financing"]

[FBIS Transcribed Text] Bratislava—If you want to make sense out of the Slovak real estate market, then you should get in line with everyone else.

What is most apparent is that there is no financial fuel to get the market moving in any direction. But this doesn't mean there are no trends in the industry.

"Right now in the real estate market, everyone is waiting," said Martin Holec, director of the Bratislavska Realitna Kancelaria. "There are not enough resources to invest in Bratislava and Slovakia to purchase and improve properties. This is the biggest problem in the real estate market."

Tight credit and high interest rates have driven a wooden stake through the industry's heart. Even if a business or individual wants to borrow—at current rates of 10 to 25 percent (expected to change little this year)—the chances of being refused a loan are even higher.

"As far as domestic investment in real estate, the problem is a lack of credit and high rates," said Ludovit Kanik, a partner of T&C, a real estate and auction company.

And foreign capital for Slovakia has remained just that—foreign. The major reason is the unstable political fault line in Slovakia, which could shake apart at any time.

"Foreign investments are very limited," Kanik said. "This situation is not just for the present but appears to be long-range. This, in combination with other factors, is why there is a recession in the market."

Simple fourth-grade arithmetic is all that is needed to add up these elements. However, more complex supply-and-demand theories are also having an impact on the market.

"The trend is that prices are falling in direct sales," said Adriana Litomericka, manager at T&C. "Prices are quite high in office and commercial space. The center is still hot. That is where the biggest demand is."

Businesses want the high profile and easy access of locations in the center.

"The highest demand is quality office space," Kanik said. "Good locale, good transportation. There is a big lack of this type of space. That is the reason many companies must share space and pay high prices."

The small size of the city's center and the former communist regime's plan to turn Bratislava into an industrial center have the city unprepared to be the heart of a new nation.

"Companies are looking for two or three rooms with about 50 to 70 square meters," said Igor Fedoronko, manager of Bratislavska Realitna Kancelaria. "They want parking, phone lines, access. But it is very difficult to find space here, especially near the center."

The limited availability has brought rental averages to 5,000-6,000 Sk ($160-$190) per square meter per year in the center, with highs of 10,000 Sk for top-quality space. However, the market has adjusted by offering office space in different areas of the city for businesses that are willing to compromise.

And limited office space does not mean a lack of buildings in the center. Investors can choose between going modern or staying historical—if they can get past the lack of money.

"There are buildings waiting for investors," Kar said. "If you have enough money to make the initial investment and plan to stay for a long time, you can find good buildings to buy."

Still, the demand for rental space is too high not too be attractive to builders. Plans are being made to erect some municipal buildings on the empty lot by the shore of the Danube River, just east of the center. This could spur further development, but the city is currently looking for investors.

The residential situation is more flexible, if only because the demand for living space was recognized by the former communist government.

But the current free market is anything but free. Rents for a one-bedroom apartment in the center run at a minimum of DM 300 a month and average DM 500 a month. Two-bedroom apartments cannot be had for less than DM 400 a month, with the average running between DM 700 and DM 800 a month.

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For the near future, rental prices are expected to remain stable, with the expected exceptions based on the quality of space and its location.

"In the best locations of Bratislava, there is still not enough space," said Fedoronko. "These rents still might rise."

Although historical buildings and neighborhoods fetch the highest prices, costs definitely depend on which period of history they represent. The massive Soviet-style housing projects of the recent past are being avoided by the masses for whom they were built.

"People don't like to live in such big, crowded places," Holec said. "Crime is a problem. People with money are leaving."

The shortage of affordable housing still hurts, but developments to alleviate the problem are underway, if somewhat spottily and on a small scale.

"In all the suburbs and even in parts of Bratislava, there are developments," Litomericka said.

The problem for buyers and sellers is that the government and cooperatives are the owners of the vast majority of apartments—nearly 90 percent of the market, by some estimates. Regulations and bureaucratic sluggishness hamper renters and buyers alike. The only good news is that the situation is expected to change, making a significant impact on the market.

"The state will sell 80 percent of its flats to renters within two years," Litomericka said. "This should make the market better."

The focus of the real estate market is naturally on Bratislava, but there is action elsewhere in Slovakia. Most investments are occurring in tourist and recreational areas, especially in the numerous spas across the country, and in the High Tatras and Low Tatras.

"There are some factories for sale as state enterprises go into liquidation," Kanik said. "Many of these are fairly new and well-equipped. They usually just require modern technology and a workable project."

But, again, money is needed.

"If the political situation could stabilize, we could see foreign capital come in," Fedoronko said. "We need a good, working, stable, professional government. Until then, we will probably have stagnation in the market."

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Finance Minister Explains Austerity Program

AU2903143495 Budapest MAGYAR NEMZET in Hungarian 25 Mar 95 p 10

[Interview with Finance Minister Lajos Bokros by Laszlo Gergely; place and date not given: "The Cake Will Be Bigger and the Needy Will Receive a Bigger Slice of It—Finance Minister Lajos Bokros, Who Is Not a Wicked Treasurer, Can Agree With the Students, Does Not Copy Theoretical Models, and Whitens the Black Economy"]

[FBIS Translated Excerpt] [Passage omitted] [Gergely] It is easy to see that the number of organizations lined up against the published restrictive measures and the current financial policy is rather high. However, to complete the picture we need another list: Who are those who support and accept the program that is now running under your name, and acknowledge that there is no other way, and are in favor of our launching ourselves on this one?

[Bokros] I believe the employer's organizations are now openly, and not only in private conversations, supporting the program. I attended the general meeting of the [National Association of] Manufacturers, where Chairman Gabor Szeles said that they agree with the social, as well as the economic, measures. They are very well aware that the economic measures without budgetary restriction would only increase inflation. I received the same support from the National Alliance of Entrepreneurs and from their chamber. In fact, not all trade union leaders are completely against the government measures. I would like to emphasize the constructiveness of Sandor Nagy, who, although he did not agree with several elements of the package, all in all admitted that cutting back the premature welfare state is unavoidable. I do not intend to use the principle of divide and conquer, because I find it dishonest. However, when overspending is typically 10 percent of GNP, then I cannot leave certain interest groups out of the general sharing of burdens for political reasons. I find it much more honest to share the burdens relatively equally and only try to maintain the most needy people with that certain welfare net that is to be rewoven. Although the political price of this is bigger than it would have been in another case, if we follow, let us say, the tactics of divide and conquer, I would not at all consider this effective or honest from the viewpoint of a social-liberal government.

[Gergely] The country was able to witness the first big battle with the students in the middle of the week. It was certainly a positive element that it took place face to face. However, it was also during this week that a secret compromise on giving assets to the social insurance system might have been made at the meeting of the government. You have often said, both before and after becoming minister, that the government is a place for prime ministerial decisions rather than democratic voting. Is this not what happened this time?

[Bokros] In my view, the essence of the discussions at the meeting of the government became public in a distorted form. The issue of supplying the social insurance with assets was indeed on the agenda, since social insurance was a separate point on the agenda anyway, and a leader of each of the two social insurance boards was present at the meeting. Prior to this, on the eve of the government session, I had already agreed with the prime minister that it was out of the question to give them 300 billion forints, or even 65 billion. Naturally, we can talk about giving them assets of some value, but not entrepreneurial assets. These should be assets that help the activities of the social insurance boards and are in their line of interest. For example, we could give them a significant part of the holiday homes, or shares in pharmacies. The latter would not be meant for the boards to squeeze the maximum yield out of them. Rather, the idea is that, as owners and users, they can more easily agree with domestic industry. We can also discuss giving them other, noncommercial, usable assets that, in my view, could increase the two boards' supply ability. I firmly said that I do not agree with giving them other, commercial assets from which the social insurance boards would wish to gain maximum earnings. Therefore, we will not discuss giving them shares of the National Savings Bank or the Postabank. It is not good for the banks if any of their owners make dividend-maximizing demands on them, and it would certainly be futile if the social insurance boards were to ask for these assets with the goal of selling them at the earliest opportunity. [passage omitted]

[Gergely] The new Budapest Stock Exchange is only five years old, and it has only recently started to react to the general signals of the economy. [passage omitted]

[Bokros] In Hungary, we have not yet got to the point where either the regular economic cycles or the behavior of the stock market that reflects these would explain the processes. The Budapest Stock Exchange is very small, anyway, but I hope that it will grow with the progress in privatization. However, at the moment, the stock market does not yet reflect the current economic processes in Hungary, and especially cannot reflect them because it only shows a small segment of the economic reality. With some exceptions, shares of the best Hungarian companies are traded on the stock exchange. These companies were also profitable last year and were able to pay adequate dividends. At the same time, regardless of their basic performance, prices fluctuate greatly. The main reason is that some three-quarters of the investors are foreigners, people who can freely choose between Hungary, Mexico, or Singapore. Under these conditions, the world market processes directly affect the small Budapest Stock Exchange, which in turn reflects much more the international market's value judgment on the Hungarian economy than the actual processes of the Hungarian economy at a given moment. [passage omitted]

[Gergely] We would like to know about your vision of the future: What kind of Hungarian state, financial

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system, budget, state administration, monetary-fiscal system, banking system, and capital market are we going to have at the turn of the century?

[Bokros] We could speak for hours on each of these issues. It is certain that I would like a much smaller, more streamlined, and more efficient state that, rather than taking it away, feeds the economy's life force. At the moment, the state administration redistributes some two-thirds of domestically produced income. This will definitely have to be reduced to about 40 percent, so the minimum reduction is one-third. In addition to the central budget, this also applies to the decentralized funds, the local governments, social insurance boards and, in fact, if we think logically, to the state's entrepreneurial assets. I believe that we much rather need to establish autonomous and self-financing systems. The important thing is for the various subsystems of the budget to know what revenue and expenditure they are to expect. This is true even if the subsystems will not part with the central budget's guarantees, their life-giving cord. What is important is for their management to get stronger, and not to be able to participate in an uncontrolled and free robbing of the state's current assets. There should be certain limits, and on reaching these, management decisions with serious consequences should have to be made before being able to use the state's guarantee. The reform of education, health, welfare care, and the pension system are the biggest tasks, and we have not yet said anything about what we would like to implement and how. This will be the main subject of the 100-day program because, by then, the many hundreds of people working in various committees will have drawn up the "prototypes." This will still bring surprises on which we will have long debates. However, I believe that these will be the real assurances for establishing a smaller, more efficient, and predictable state. I believe that, having achieved this, it will be easier to modernize the economy's other institutions, including the banking system and the capital market. In the case of the former, a rather rapid privatization is needed—certainly at the smaller financial institutions that have escaped bankruptcy as a result of state consolidation. We will sell these financial institutions even if the revenue is not very high. My main consideration is that we should not again need to pump billions of forints of taxpayer money into the banking system. If and when the state sufficiently withdraws from the economy, then the capital market will automatically have a scope to flourish, but this can be promoted by a clever management of privatization. The Budapest Stock Exchange has a realistic chance of developing into Central Europe's leading stock exchange as regards liquidity and its value in the capital market. If all this is to happen, then general economic growth and the welfare effects of economic growth can also emerge. It should be added that if the government gains some time—and money too—then it is determined to accelerate all those infrastructural investments that are aimed, precisely, at preventing the country from splitting. We would like to channel the capital market "maneuvers" guided by state tools to the northern and northeastern regions of the country to facilitate economic growth, rather than to the western areas, where the market economy by itself is visibly establishing positive conditions for sustainable growth.

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Bartoszewski on NATO's Eastern Expansion

BR3003141795 Paris LE FIGARO in French 30 Mar 95 p 4

[Interview with Polish Foreign Minister Wladyslaw Bartoszewski by Bernard Osser in Paris; date not given: "Bartoszewski: 'Russia Will Find Its Way'"]

[FBIS Translated Text] [Osser] Russia is still opposed to the enlargement of NATO to include the countries of Central Europe...

[Bartoszewski] I do not think that Russia presents a real obstacle to NATO membership for Central European countries. Modern Russian foreign policy has been one of the best in Europe since the 17th century and is perfectly capable of facing up to reality. I am not pessimistic. Russia will finds its way.

[Osser] Has the war in Chechnya reawakened old fears?

[Bartoszewski] The slogan "Yesterday Chechnya, today Warsaw" is nonsensical. Chechnya is an integral part of Russia. Obviously the resources used are totally out of proportion, but you can put the question differently—after Afghanistan and Chechnya, maybe Russia will conclude that nothing can be resolved by force.

[Osser] Germany is one of Russia's larger neighbors. Are you afraid it will crush Europe with its might?

[Bartoszewski] Poland has always trusted France and felt great friendship toward it, which was never the case for Germany. However, Germany has changed and we must never fall back on historical allergies. Current relations with Germany are better than they have ever been. Poland has set aside six seats in our two houses of parliament for the small German minority and we have already welcomed two German presidents to our country, von Weiszaecker and Herzog.

At the end of the day we want to establish solid relations comparable to those built up between de Gaulle and Adenauer.

Daily Lauds Review of Kuklinski Case

WS3103125895 Warsaw ZYCIE WARSZAWY in Polish 31 Mar 95 p 1

[Commentary by Bronislaw Wildstein: "The Scandal of the Third Republic"]

[FBIS Translated Text] One of the most scandalous cases of the Third Republic will most likely be settled. The sentence that was passed against Colonel Kuklinski is to be repealed.

It is outrageous not only that the sentence has not already been repealed, but that there was a prevailing indifference toward the issue.

The People's Republic was not a sovereign state; it was enslaved to Moscow. No one questions that fact toda. Arguments for martial law boil down to proving its introduction was the only way of avoiding Soviet intervention. A situation in which changes of internal policies have to be consulted with another state, otherwise that state would launch an armed intervention to preserve the status quo, is generally referred to as a lack of sovereignty.

Communist totalitarianism, the spokesmen of which ruled the entire Moscow bloc, was also condemned by the successors to the party in Poland. NATO was a defense system protecting democratic states from aggression by the communist bloc. Col. Kuklinski was sentenced to death for collaborating with NATO, which is to say for the protection of peace and democracy.

Not one Moscow agent was put on trial or even demoted since the collapse of communism. Former antitotalitarians, having come to terms with that fact, ignobly deliberated whether Kuklinski received any gratuity from the Americans.

What a pity we had to wait for the presidential campaign to see this case revisited.

Russian Consul Walks Out of Ceremonies in Gorzow

WS3103120795 Warsaw GAZETA WYBORCZA in Polish 31 Mar 95 p 4

[Article by Artur Brykner in Gorzow Wielkopolski: "Diplomatic Scandal in Gorzow Wielkopolski: An Angry Consul"]

[FBIS Translated Text] *Consul General of the Russian Federation Oleg Brykin walked out of celebrations commemorating the 50th anniversary of Gorzow joining Poland, outraged. Guests invited to the ceremony marking 50 years of Polish administration in Gorzow included Senate Speaker Adam Struzik, Bishop of the Zielona Gora and Gorzow Diocese Adam Dyczkowski, Russian Consul Oleg Brykin from Szczecin, and representatives of the Landsbergs—prewar inhabitants of the city.*

At a special session of the City Council, Wladyslaw Czyzewski—councilman, activist of the Christian-National Union, and history teacher at the local Catholic high school—delivered a paper on the history of Russian-Polish-German relations. He used terms such as "blood thirsty system" [krwiozerczy system], "barbarians" [barbarzyncy], "blood sucker Stalin," [krwiopijca Stalin], etc.

The presentation so aggravated the Russian consul that he and accompanying persons left the assembly hall.

"Consul Oleg Brykin was not happy," said Gorzow Mayor Henryk M. Wozniak. "In all honesty, he was outraged. I apologized to Mr. Brykin, I tried to make up for the embarrassment. Unfortunately, I was not successful. The City Council had nothing to do with that paper."

Czyzewski told us he does not think he could have offended the Consul in any way. "If the Consul identifies with policies carried out by the USSR 50 years ago and considers himself its successor, he really had reason to take offense. I

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do not feel guilty. No one had told me that the Russian consul was going to be present. If I had known, perhaps I would not have put so much emphasis on certain passages, but I would have left the content unchanged."

At the consulate in Szczecin, we learned that Consul Brykin would not send an official note of protest. "We limited our protest to conveying our opinion to the mayor of Gorzow," said the secretary of the consulate.

Sejm Criticizes Lithuanian Cooperation Offers

WS3003150095 Warsaw GAZETA WYBORCZA in Polish 30 Mar 95 p 4

[Article by "krzem": "The Sejm on Suggestions Presented by Lithuanian President: How Far, How Close"]

[FBIS Translated Text] *The Government of the Republic of Poland has reservations about Lithuanian proposals for closer cooperation.*

One month ago, Lithuanian President Algirdas Brazauskas presented far-reaching projects of tightening cooperation between Poland and Lithuania. In an historical speech delivered in the Polish Sejm he proposed creating a free trade zone, modernizing the Polish-Lithuanian border, establishing a joint peace battalion, instituting mutual control of air and sea borders.

Representatives of the Polish Government replied to Brazauskas's suggestions before the Sejm Commission for Foreign Affairs on Tuesday. On all counts the answers were "yes, but..."

Air Traffic Control: Yes, But Rather Not

Deputy Defense Minister Jerzy Milewski assured deputies that including Lithuania in a joint system of air traffic control would be wise. On the other hand, he explained why Poland cannot do much in this respect for the time being.

We are currently in the process of developing an integrated, military-civilian system of air traffic control for four states of the Visegrad Group with financial aid from the United States. Initial agreements have already been reached, the last in Trencin, Slovakia, in January. Assembly of U.S. equipment has already begun. The system is compatible with West European standards and will be linked with NATO systems before we even become members of the pact. Milewski said he spoke neither with the United States, nor with other members of the Visegrad Group about Lithuania. Poland does, however, want to sign an agreement with Lithuania on emergency plane landings.

The Peace Platoon

Creating a joint peace battalion requires a huge effort and will take years. Milewski pointed out that the Lithuanian Armed Forces are only in the "conceptualization phase." He claims that for the time being several Lithuanian officers could be invited to Poland for training, and later a Lithuanian platoon could be trained in the peace force center near Kielce. Later still, another platoon could be trained, until a company--approximately 100 soldiers—is formed.

The Lithuanians must learn Polish procedures and language. Polish officers would simultaneously learn Lithuanian. Only then could we apply to the UN for approval to incorporate a Lithuanian company in our peace battalion. Before that, however, we would have to settle financial and legal issues, and decide where the military unit is to be stationed. Thus the answer is yes, but a couple of years from now.

A Troublesome Border

According to a representative of the Border Guards, cigarettes, alcohol (worth tens of billions of old zlotys), and people are smuggled across the border with Lithuania. In 1994, 503 people were detained on charges of cross-border offenses, and about 1,000 citizens of Asian countries attempting to enter Poland illegally and move on to EU were caught. Small smuggler planes continue to cross the border. The Lithuanian border police often collaborate with the smugglers. Last year, there were 17 attempts to bribe Polish officers.

Cooperation with the Lithuanian border authorities is very difficult. We do not have any legal aid agreement with Lithuania, and the border treaty still remains to be signed. Border control standards in Lithuania are a far cry from ours and those of Europe. Border guards, for example, close the border to have their meals.

Yet the situation on the border is expected to improve considerably. Huge jams resulting from sanitary control are to disappear once more veterinarians and doctors are employed at the border. By midyear, construction work on border crossings on the Lithuanian side are to be completed, and their traffic capacity will increase.

Free Trade

Although trade with Lithuania is steadily growing and has attained a volume of $190.3 million in 1994, its further increase seems dubious in view of the slump in our eastern neighbor's industrial production (by 34 percent in 1994 alone) and agricultural output (25 percent). The rigid rate of the litas to the dollar keeps the inflation rate down (4 percent annually), but it does cause Lithuania's sharp external deficit to rise. There are no guarantees on the contracts that are implemented.

The free trade agreement which is currently being negotiated will not be signed soon. One of the problems that still have to be solved is the issue of the origins of goods imported from Lithuania. The lack of tightness on the CIS border causes that 50 percent of Lithuanian goods actually comes from CIS. This poses the threat of an uncontrollable inflow of competitive products from the former USSR to the Polish market.

Although Lithuania has already signed a free trade agreement with the EU (on 1 January, 1995), this is insufficient for signing an agreement between Poland and Lithuania.

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Deputy Minister of the Ministry for Foreign Economic Cooperation Jerzy Kaminski told the deputies that accelerating the pace of forming a free trade zone with Lithuania does not make economic sense.

There exists a similar problem in including Lithuania in the Central European Free Trade Association [CEFTA]. At the CEFTA meeting held in Poznan last November, it was agreed that the Baltic states must be included jointly, as they are bound by a customs agreement. First, however, Lithuania, Latvia, and Estonia must sign an association agreement with the EU, join the World Trade Organization, and only then can they apply for the approval of all CEFTA states.

Yes or No

Leszek Moczulski from the Confederation for an Independent Poland [KPN] stated that the arguments were false excuses. He claims the president of Lithuania suggested establishing "special relations between Lithuania and Poland, which could initiate a wider integration process." All other considerations are minor details. "And the answer was 'no.' That shows the political will of the current government," he concluded. The KPN leader warned that we are contributing to the construction of a new dividing wall in Europe, and that we may fall into a trap if we fail to bring down the old wall on the Oder River, especially as "it does not depend on our will alone."

"Why cannot we agree that we will carry out joint airplane or helicopter flights, or warn one another of approaching aircraft? That would be flight control too," he criticized the speech delivered by Minister Milewski. Moczulski suggested that the Sejm reply to President Brazauskas's speech, adding that it could be a different reply from the one the government would give.

The remaining speakers rejected the interpretation of Lithuanian intentions proffered by Moczulski. According to Wojciech Lamentowicz from the Labor of Union, the suggestions made by Brazauskas did not go beyond good neighborly relations. The Lithuanian president's speech could be interpreted as Lithuania's plea not to be left alone, but by no means as an invitation to "integrate."

Deputy Minister of Foreign Affairs Andrzej Towpik did not agree that we have been made an offer to establish "special Polish-Lithuanian relations": "No one has formulated such an idea in Lithuania. For historical reasons, I doubt anyone will."

Poland responded to the offer of close relations positively. A huge step forward was made, and Poland has always taken the initiative. "Poland has nothing to be ashamed of in this respect," says Towpik.

NBP Waives Request To Lower Interest Rates

WS3103110595 Warsaw GAZETA WYBORCZA in Polish 31 Mar 95 p 1

[Article by Piotr Orlik: "Strengthen the Zloty"]

[FBIS Translated Text] *Strengthening the zloty will cause export profits to fall, and the influx of currency which generates inflation to rise, claims the Ministry of Finance. It asked the National Bank of Poland [NBP] yesterday to lower interest rates and slacken the pace of the zloty's devaluation. "Slower devaluation—yes, lower interest rates—no," was NBP's almost immediate reply.*

"Two such moves would curb the disturbing growth of currency reserves," Deputy Finance Minister Krzysztof Kalicki told the press yesterday. There is currently over $13 billion in Polish banks, and from the beginning of the year through 10 March, reserves grew by nearly $2 billion.

Banks have to sell their currency to NBP, which pays for it in zlotys. As a result, more and more zlotys reach the market, which generates inflation. In January, inflation was 4.1 percent (instead of the projected 3 percent), and in February—2.1 percent (not 2 percent). The chances for lowering the rate of annual inflation to 17 percent, as projected by the government, are slim.

According to estimates by the ministry, currency payments on last year's trade in the border regions alone amounted to $2-3 billion.

Minister Kalicki believes that speculative foreign investment in short-term treasury bonds will stimulate the growth of currency reserves. Foreign investors purchasing the bonds are counting on profits, the rate of which—according to NBP estimates—is currently 12 percent (bonds in the West now yield a profit of just a few percent).

"In a very short period of time, foreign speculators brought $300 million to Poland, and the influx of currency from those sources is growing at a disturbing pace," said Minister Kalicki.

Strengthening the zloty would impair the competitiveness of Polish exports, thus causing the flow of currency into Poland to subside. Appealing for slowing down the pace of devaluation (set against the basket of five currencies, it is currently at a level of 1.2 percent per month), Minister Kalicki did not specify how far it was to reach.

He did say, however, that NBP should simultaneously lower interest rates to compensate Polish companies for losses sustained by the strengthening of the zloty.

"Given the current rate of devaluation, interests rates should be around 25-26 percent," he added. Lower rates mean cheaper loans and higher investment costs.

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Visiting Russian Official on Basic Treaty

AU3103105195 Bucharest Radio Romania Network in Romanian 1930 GMT 30 Mar 95

[Interview with Sergey Krylov, deputy foreign minister of the Russian Federation, by Simina Botar and Alexandru Beleavschi in Bucharest on 30 March; recorded—Krylov speaks in Russian with superimposed translation into Romanian]

[FBIS Translated Text] [Botar] On his current visit to our country as a member of the delegation accompanying Sergey Filatov, the head of President Yeltsin's administration, Russian Deputy Foreign Minister Sergey Krylov, was kind enough to grant a brief interview exclusively to Romania International Radio Station. The first question referred to the stage of elaboration of the basic political treaty between Romania and the Russian Federation.

[Krylov] The treaty is actually about 89 percent (?ready). Only one aspect has not been agreed upon, an aspect of primary importance for both Romania and Russia. Our Romanian colleagues insist that the treaty include a formulation that condemns the year 1939, the Ribbentrop-Molotov Accord, and provide not only a political assessment but one that defers responsibility for any consequences deriving from this.

I understand what the reasoning for this is. I understand perfectly why your parliament adopted a recommendation demanding the inclusion of these provisions in the political treaties. I also know that the elaboration of a similar document with Ukraine was approached from the same position, which is also an obstacle in their case. We object to the inclusion in the treaty of a reference to the Ribbentrop-Molotov Pact, as formulated by the Romanian side, for two reasons: The first is of a purely historical nature, and I believe that Romanian listeners are probably very well aware of the history of the years 1941-42 and so on and so forth. The second reason is that if we were to accept this formulation, this would indirectly create foundations for revision of the current borders.

A somehow-modified formula has been suggested—that both sides, while condemning the year 1939, mutually relinquish territorial claims. However, Russia and Romania have no common borders today. Such a statement would make no sense from a practical point of view. However, at the same time, such a formulation would inevitably provoke a negative—a very negative—reaction, both in Moldova as well as in Ukraine. Therefore, this formulation cannot be acceptable for us. Our proposal on a way to overcome this impasse has not been accepted yet; a personal controversy has been advanced against it. Thus, until a formula is found that is acceptable to both sides—and I myself do not foresee this possibility, in light of the internal political situation in Romania—I do not envisage an easily attained compromise. It is difficult to say when this work will be finalized and when, therefore, it will be possible for our president to pay an official visit to Bucharest to sign this treaty.

[Botar] Regarding Romania's position in Russia's foreign policy strategy, the Russian deputy foreign minister said:

[Krylov] We are interested in having a political dialogue with Romania, first of all because it is a country certainly very close to us, not a remote country; because your country is located in a region strategically important for all of Europe—close to Yugoslavia for instance, where, as is known, a very serious conflict is currently taking place; because we are connected by joint economic interests within the Black Sea economic cooperation region for example; but also because of many other factors. Therefore, we are in favor of developing this dialogue for an increasingly greater understanding between both sides. However, there are issues that divide us, such as the approach to the NATO issue.

[Botar] Asked to what extent Russia, as a permanent member of the Security Council, will be willing to act with a view to granting compensations to countries that suffered economic loses as a result of the implementation of the sanctions imposed on Iraq and Yugoslavia, Mr. Sergey Krylov said:

[Krylov] As far as I know, no country in the world has raised the issue of granting compensation for direct or indirect losses provoked by the implementation of sanctions. The decision to initiate sanctions was made by the entire international community and of one's own volition. If a country had not respected these sanctions, it would have been a political and economic pariah in the international community. It is as clear as can be that the initiation of sanctions, whether in the past or in the future, necessitates the specification of criteria for lifting these sanctions, both the timetable and sequence.

[Botar] In conclusion, we asked Mr. Krylov whether the results of the referendum organized by the self-proclaimed Dniester Republic in connection with the withdrawal of the 14th Army might influence the withdrawal timetable stipulated in the accord between Russia and the Republic of Moldova.

[Krylov] No, I do not believe it will influence the withdrawal timetable because it is clearly stipulated in the accord, that is, three years' accords. However, this has yet to occur.

Filatov Meets Iliescu, Leaves for Germany

AU3103131695 Bucharest Radio Romania Network in Romanian 1000 GMT 31 Mar 95

[FBIS Translated Text] [Announcer] The Russian delegation led by Sergey Aleksandrovich Filatov, head of the administration of the Russian Federation's Presidency, has concluded its visit to Romania. Today, on the last day of the visit, the guest was received by Romania's President Ion Iliescu and Foreign Minister Teodor

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Melescanu. A protocol on the joint preparation and publication of a collection of documents from the diplomatic archives of Romania and the Russian Federation for the period 1917-64 was also signed at the Ministry of Foreign Affairs today.

Here is a report by our correspondent Nicolae Dumitru on the departure of the guests from Otopeni Airport.

[Begin recording] [Dumitru] I asked Mr. Filatov to say a few words before leaving Romania.

[Filatov, in Russian, with superimposed translation into Romanian] We leave here with the hope that our relations will develop in a good and beneficial direction. There are good premises for that, something I was able to ascertain during all my meetings in Bucharest, including my meeting with Romania's president this morning.

[Dumitru] I asked him to tell me what concrete issues he had discussed with President Ion Iliescu. The Russian guest said:

[Filatov] We mainly discussed four issues: The problem of economic cooperation, which will be approached in a new way during Prime Minister Viktor Chernomyrdin's visit to Romania, which is in its preparatory stage; the problem of the political treaty, the resolution of which was also tackled; and matters pertaining to expanding our dialogue in all spheres of activity. [end recording]

[Announcer] The head of the administration of the Russian Federation's Presidency will begin a visit to Germany today.

Government Press Release Views Filatov Visit

AU3003200195 Bucharest Radio Romania Network in Romanian 1700 GMT 30 Mar 95

[FBIS Translated Text] The Russian delegation led by Sergey Aleksandrovich Filatov, head of the administration of the Russian Federation's Presidency, was received this afternoon by Nicolae Vacaroiu, prime minister of the Romanian Government.

The meeting was attended by Viorel Hrebenciuc, secretary general of the government, and Octav Cosmanca, head of the Local Public Administration Department.

The dialogue occasioned a useful exchange of information on the issue of economic developments in Romania and in the Russian Federation, and a particular interest was shown toward issues regarding inflation, privatization, personnel remuneration, and others.

Both sides expressed the view that the regression in the cooperation and trade relations after 1989 has had negative effects on the economies of the two countries and it is imperative to develop new relations of cooperation in the spirit of the existing good traditions, on the basis of an adequate and flexible judicial framework.

Vacaroiu mentioned that the visit of the Russian delegation is a good opportunity to identify ways of intensifying and expanding Romanian-Russian relations, in accordance with the interests of the two sides. According to the opinion of the head of the Romanian executive, the current volume of commercial exchanges, which reaches approximately $1 billion per year, does not reflect the real cooperation potential between the two countries.

The prime minister proposed the intensification of meetings and consultations on the stringent problems of reform, particularly in the economic, social, judicial, and public order areas. The continuous flow of contacts at the parliament and government level and the improvement of the activity carried out by the joint commission on economic cooperation were regarded as positive signs in the development of bilateral relations—which, the two sides hope, will acquire a new dimension through the conclusion of the basic political treaty between the two countries.

Vacaroiu also reiterated the invitation addressed to his counterpart Viktor Chernomyrdin to visit our country in the second half of this year.

In turn, the head of the Russian delegation affirmed that during the visit paid to Romania, he realized the similarity of the problems that the two countries currently face, and he expressed his view that the act of finalizing the judicial framework of Romanian-Russian relations would be extremely useful with a view to finding joint solutions to some of these problems and to creating a climate of security and cooperation in the region.

In connection with the idea of finalizing the text of the basic treaty, Mr. Filatov proposed that the groups of experts adopt a more alert working pace and also proposed an operative mechanism of cooperation. He expressed his hope that it will be possible to sign the document on the occasion of the visit President Boris Yeltsin is going to pay to Romania, reads a press release that we received from the government.

SRI Establishes National Intelligence Institute

AU3003172395 Bucharest EVENIMENTUL ZILEI in Romanian 28 Mar 95 p 3

["Note" by Maria Constantin: "A National Intelligence Institute, Subordinated to the SFI, Has Been Established"]

[FBIS Translated Text] At yesterday's working meeting, the government adopted a decision on reorganizing the Higher Intelligence Institute into the National Intelligence Institution [INI], subordinated to the Romanian Intelligence Service [SRI]. INI will have a psychology-sociology faculty, a science of communications faculty, a center for improving the skills of the personnel and training reserve officers, a center for training and improving the technical-operational personnel, and a section of social-humanistic studies and research.

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Admission to the institute will be by competitive examination. The selection criteria for candidates will be established by the director of the SRI and published. INI students will acquire military rank and will receive graduation diplomas or certificates upon completion of their studies.

The admitted candidates who do not observe their commitment to work as active officers for a period of 10 years or who are expelled from the institute will have to pay for the cost of the studies.

Magureanu Promotes 3 to SRI Major Generals

AU3003123895 Bucharest EVENIMENTUL ZILEI in Romanian 27 Mar 95 p 9

[Article by Dan Andronic and Radu Tudor: "Despite the Fact That Whenever He Gets Drunk He Kicks Up a Row, Colonel Traian Ciceu Made Major General of the SRI"]

[FBIS Translated Text] On Friday, 24 March, on the fifth anniversary of the SRI [Romanian Intelligence Service], that institution's corps of generals was enlarged by three new members: Traian Ciceu, N. Ciovica, and Dr. Gh. Catrina. All three were promoted from the rank of colonel to that of major general. Here are some details about the newly promoted men:

Traian Ciceu: Up to 24 March he was an SRI colonel, commander of a special division.

Having graduated in 1973 from the Baneasa [Interior Ministry] School, in 1979 he was sent to Paris as a covert officer of the DIE [Foreign Intelligence Department] acting as a diplomatic employee of the Romanian Embassy. According to confidential sources, he was withdrawn from that post after he came to blows with his senior intelligence service officer.

One of his acquaintances, Dr. Roha, claims that following his arrival home, Ciceu was the man who solved the toxic waste problem in Sulina.

Numerous sources told us that Ciceu is an excellent professional, but has several personal problems. As a matter of fact, a few months ago EVENIMENTUL ZILEI ran a special feature reporting on a lost attache case containing top secret documents. It had been left behind in a restaurant by its owner, the current major general [Ciceu], because he was drunk. A sign that this was not merely an accident was that two months ago, the [SRI's] Honor Council conferred about Ciceu after he beat up his chauffeur. This is why his recent promotion seems to be at least questionable.

Dr. Gh. Catrina is the head of the medical system within the SRI. His promotion to the rank of major general goes to show [SRI Director] Professor Virgil Magureanu's special care to strengthen that system.

N. Ciovica is the head of the Transylvanian Zone Operations Center. He was promoted to the rank of major general after having successfully taken care of this year's UDMR [Democratic Union of Hungarians in Romania] festivities to mark the anniversary of the 1848 Hungarian revolution. That means: There were no incidents worth mentioning. These festivities were considered one of the hazardous moments of the current month, as the statements issued by the PUNR [Romanian National Unity Party] and UDMR had given the impression that a large-scale conflict was imminent.

Kuwait Interested in Buying Romanian Helicopters

AU3003131495 Bucharest EVENIMENTUL ZILEI in Romanian 28 Mar 95 p 12

["Note" by Radu Tudor: "Kuwait Is Interested in Purchasing Romanian IAR 330 Puma Helicopters"]

[FBIS Translated Text] Gheorghe Tinca, minister of national defense, returned yesterday morning [27 March] from a trip to the United Arab Emirates, Kuwait, and Qatar.

The main target of his tour was a visit to the greatest armament exhibition of this year, IDEX '95, which took place in Abu Dhabi.

Gheorghe Tinca told us that Romania participated with two stands in IDEX '95: one with the IAR 330 Puma helicopter on display; another with military hardware, ammunition, armaments, and other products.

Kuwait was among the countries that appreciated the Romanian stands. During his visit to Kuwait, Tinca learned that the Kuwaiti authorities are interested in purchasing the Romanian helicopters. Romania has expressed its readiness to accommodate the customers.

Experts Deny Allegations of A-Bomb Capability

AU3003124895 Bucharest EVENIMENTUL ZILEI in Romanian 28 Mar 95 p 12

["Note" by Andrei Velea: "Romania Cannot Manufacture the Atom Bomb"]

[FBIS Translated Text] Romanian nuclear experts termed as "mere fabrications" the allegations printed by the Bulgarian daily TRUD [of 24 March 1995], which quotes a report issued by the Russian secret services, about Romania's being able to manufacture the atom bomb. Anton Coroianu, chief inspector with the National Commission for the Control of Nuclear Activity, said that the allegations might have been valid, to a certain extent, six years ago, when the Pitesti laboratories produced only 100 milligrams of plutonium. [sentence as published]

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Filipovic Reports on Talks With Milosevic

AU3003150495 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 30 Mar 95

[Report by Samir Husein]

[FBIS Translated Text] Academician Muhamed Filipovic, president of the Liberal Bosniak Organization, today held a news conference in Sarajevo, at which he briefed journalists on the details of his visit to Belgrade and talks with Serbian President Milosevic. Samir Huseinovic reports:

[Huseinovic] The Bosnia-Herzegovina authorities have concluded that the main duty of the government is to secure peaceful conditions for living and that the political philosophy of Bosnia-Herzegovina has been a peace loving one from the beginning. In view of this position, the initiative to hold talks with Milosevic was accepted. Here is what Academician Muhamed Filipovic said about this:

[Filipovic] So, in connection with this [word indistinct] of Milosevic, we took the view that it was necessary to use that opportunity, if it is an (?opportunity). In order to see whether this was a real chance for peace, we, of course, had to find out what Mr. Milosevic was really proposing, what he thought, how he thought that we should settle the issues between us, and, of course, on the basis of this insight into what he wanted, what he proposed, and what he had in mind, establish whether or not these really represent chances for peace, whether this was only a verbal love of peace or a real wish for (?this to happen).

[Huseinovic] Proceeding from the view that Serbia has carried out aggression against a recognized state and that this act had been condemned by the international community through the introduction of sanctions and the isolation of Serbia, Muhamed Filipovic stressed:

[Filipovic] In this situation we thought that there were political reasons that could lead a responsible and serious politician, which we (?do not deny to) Milosevic, to make the only correct (?decision), that he must remove the chief cause of the aggression, which is the failure to recognize Bosnia-Herzegovina [words indistinct], as Serbia's rejection to recognize the independence of Bosnia-Herzegovina was in fact [words indistinct].

We are studying the results of these talks and, of course, we will not do anything that would compromise even the slightest chance to find an agreement and positive (?shift). Equally, we will not allow a discussion on new concessions to Karadzic to be introduced through the back door, or to enable Karadzic in any way again to become a (?protagonist) in the discussion on the future of Bosnia-Herzegovina.

He did not want to sign an agreement on the recognition of Bosnia-Herzegovina, but did not reject it either.

[Huseinovic] Speaking about the possible reaction of the Serbian public to the possible recognition of Bosnia-Herzegovina by the Serbian regime, Academician Filipovic presented his impressions of the reaction of the people he was in contact with:

[Filipovic] The people that I (?met), naturally I met a limited number of people, and they are, how shall I put it, from the state apparatus, [words indistinct] in the house in which I was staying, the people that [words indistinct] and those that I met with Milosevic, all of them, without exception, expressed very great pleasure that I had come, and all of them asked me, pleaded that something be done on [words indistinct].

Diplomat on Sarajevo's Stance

AU3003163595 Belgrade TELEGRAF in Serbo-Croatian 29 Mar 95 p 7

[Article by Goran Rosic: "Muslim Side Is Ready To Let Srpska Republic Have Payment and Customs Union and Close Cultural Ties to FRY, but Milosevic Is Not Yet Ready To Recognize Bosnia"]

[FBIS Translated Text] Last week's secret meeting in Belgrade between Slobodan Milosevic and Izetbegovic's special envoy Muhamed Filipovic was held at the initiative of the Serbian president with the main aim of establishing at first hand what the two sides have to say about the solution to the Bosnian crisis, claims Mustafa Bijedic, ambassador of the Sarajevo government to the UN mission in Geneva.

According to Bijedic, Muslim [Bosnia-Herzegovina] Ambassador in Switzerland Filipovic presented Milosevic with the views of the government in Sarajevo, which are basically that the FRY [Federal Republic of Yugoslavia] should recognize the territorial integrity and sovereignty of Bosnia, and also make the leadership of the Srpska republic accept the Contact Group plan with the proposed territorial solution.

In exchange, Izetbegovic's government would agree to the lifting of the sanctions against Serbia and Montenegro and accept the solution that would allow the Srpska republic to have close economic and cultural ties to the FRY (as the Muslim-Croatian Federation has been allowed to do with Croatia, based on an annex to the Washington Agreement). Our source claims that these ties would include, among other things, a payment and customs union. As for internal organization, the Bosnian Muslims are proposing a union of Bosnia-Herzegovina, that is, a weak confederal link between two units—the Srpska republic and the Muslim-Croatian Federation, which, as the Muslim side is planning, would in time come closer in certain spheres, first in the energy system, transportation, sport, ecology, and so on.

As for the exchange of territory, if the Serbs were to accept the Contact Group plan, the Muslim side would accept minimal territorial shifts, that is, to quote our source, "a village here and a village there." The source

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claims that Filipovic was the man chosen to travel to Belgrade because "on the Muslim side, he knows the Bosnian maps best," even though he does not agree with Izetbegovic on certain issues.

After several hours of talks the Muslim side got the impression that "President Milosevic is not yet ready to recognize Bosnia." However, Bijedic added, the Muslim side is ready "to reach peace on the basis of the Contact Group plan through patient negotiations." Although at the recent talks in Belgrade between the representatives of Belgrade and Sarajevo—the first such talks since the beginning of the war—no significant progress was made concerning the solution to the Bosnian crisis, the assessment is that the agreement in principle that direct negotiations between the Belgrade and the Sarajevo authorities should continue can be considered progress in itself.

Significance of Talks

AU3003204095 Ljubljana OSLOBODJENJE (Europe edition) in Serbo-Croatian 30 Mar-6 Apr 95 p 6

[Commentary by Sead Luckin: "The Wolf Will Never Change His Nature"]

[FBIS Translated Text] Several hours of talks last week in Belgrade between Muhamed Filipovic and Serbian President Slobodan Milosevic—at the initiative of Bosnia-Herzegovina Presidency President Alija Izetbegovic—will not bring about a significant change in Serbia's attitude toward Bosnia-Herzegovina. Expectations to the contrary are, at least for now, groundless.

This conclusion is the result of the statement by President Izetbegovic, who said at a news conference that Milosevic is not yet ready to recognize Bosnia-Herzegovina as a state within its internationally recognized borders.

The Bosnia-Herzegovina Presidency president also added that both sides, both Bosnia-Herzegovina and Serbia, remained on their earlier positions. For Belgrade that means negating the existence of Bosnia-Herzegovina and insisting on its partition, while official Sarajevo of course cannot agree to that.

Contacts at Envoy Level

If Izetbegovic managed to achieve anything then it is his downplaying of the importance of the visit by Ambassador Filipovic to the capital of Serbia and self-styled Yugoslavia. However, he did stress that the channel for talks is open, and the talks would probably continue.

This fact alone gives political weight to Ambassador Filipovic's visit, even if the visit was no more than to inform Milosevic about the Bosnia-Herzegovina views. The readiness of the undisputed leader of Serbia even to listen to the official voice of Sarajevo is an important step forward, regardless of the fact that this was more the result of international pressure than of any change in Belgrade's policy.

Foreign Minister Ljubijankic said that at the moment only contacts at the level of special envoy were possible with Belgrade, that is, in the function in which Ambassador Filipovic went there. Further progress, and particularly a possible summit meeting between Izetbegovic and Milosevic, will be possible only after Bosnia-Herzegovina is officially recognized, that is, when such a meeting can be expected to produce concrete results.

However, Minister Ljubijankic believes that it is of utmost importance who would recognize Bosnia-Herzegovina—Serbia or the self-styled Yugoslavia. If Zoran Lilic, and not Milosevic, were to sign the recognition document, this would represent an indirect granting of the right to this state to consider itself the successor of the former Yugoslavia. Besides, it would then inherit the economic assets and, what is most important, it would thus have legalized its aggression against Bosnia-Herzegovina since the war allegedly broke out as a result of efforts to preserve the former Yugoslavia.

One of the conditions that Bosnia-Herzegovina would have to impose on Belgrade for mutual recognition is that this not be only formal. The best evidence of this would be a complete closing of the border on the Drina. Otherwise, Milosevic would appear to the world as a peacemaker while still sending arms to Karadzic.

Regardless of all these speculations, the fact is that Filipovic's visit to Belgrade must have caused some consternation for Radovan Karadzic and his supporters in Pale. That consternation must have been intensified with the latest successes of the Bosnia-Herzegovina Army on Mt. Vlasic and Majevica, which easily indicates what Karadzic's fate would be without Serbia's military assistance. The strengthened Bosnia-Herzegovina Army is also a signal to Milosevic.

Strengthening Bosnia-Herzegovina Positions

According to certain calculations, the establishment of contacts between Sarajevo and Belgrade has considerably strengthened Bosnia-Herzegovina's position with regards to Croatia. True, Izetbegovic did say that Bosnia-Herzegovina remains committed to the construction of the Federation, and this statement should have had a calming effect on Tudjman, who must have realized now that he is not the only one to whom Sarajevo can turn.

The determination of the officials in Sarajevo to persist in their views—Radovan Karadzic's unconditional acceptance of the Contact Group plan, and no extension of the cease-fire—are proof of the strength with which talks with Belgrade were instigated, particularly as spite is not a useful tool in politics. One can assume that some of that strength was derived from the recent series of meetings with world leaders, which resulted in several

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peace initiatives, from Suharto's to the long-announced one of Kozyrev's. Most of these, and Sarajevo is well aware of that, are based on what Slobodan Milosevic is ready to accept.

General Delic Rules Out Meeting With Serbs

AU3003204195 Belgrade VREME in Serbo-Croatian 27 Mar 95 p 10

[Interview with Rasim Delic, chief of the General Staff of the Army of Bosnia-Herzegovina, by Dubravko Brigic; place and date not given: "No Reason for a Meeting With Mladic"]

[FBIS Translated Text] Just over a month ago Alija Izetbegovic, the president of the Presidency of Bosnia-Herzegovina, warned that if the attacks against Bihac did not stop, the Army of Bosnia-Herzegovina [B-H Army] would fire back on all other fronts. We asked General Rasim Delic, commander of the B-H Army, what the situation is like today.

[Delic] The attacks carried out by the aggressor in the Bihac region are very fierce, but we still estimate that the forces of the 5th Corps are capable of fending them off. This is being proved on the ground as well. Our goal is to make the representatives of the international community in Bosnia-Herzegovina finally abandon their, let us call it neutrality, and finally say who is violating the agreement, because the B-H Army has been fully observing it. Independent of the attitudes that we stand for and are trying to implement, we shall resume fighting on other fronts if it proves necessary and it is certain that the 5th Corps will not remain alone. But even if we resume fighting, that does not mean that we shall announce it through the media. We consider it to be the duty of the B-H Army and the state of Bosnia-Herzegovina to defend itself in any part of the country and we must not allow this agreement to be observed or not observed only in some parts of the territory.

[Brigic] You have recently been invited to take part in a new meeting with Gen. Mladic [leader of the breakaway Serb military] and Gen. Smith, commander of UNPROFOR [UN Protection Force] in Bosnia-Herzegovina. Will this meeting take place and what is supposed to be discussed there?

[Delic] As a man and soldier, I have been put into a situation where I am supposed to take part in meetings that are definitely useless, just to cover up somebody else's activities. I am telling you this also because the 31 December 1994 agreement on cease-fire from is absolutely clear and unambiguous. We spent hours and hours working it out and making clear the commitments taken on by the signatories. We particularly underlined this with the document made on 11 January 1995, clearly stating dates and responsibilities that UNPROFOR and the Serbian side were required to observe regarding the withdrawal of the foreign troops from the Bihac region and the opening of humanitarian routes in the first place. Since this was precisely defined both in terms of time and place, I see no additional reason for us to meet and discuss the same question any further, because what was precisely defined and signed is not being observed. How to negotiate with those who do not honor their own signatures? I believe that further negotiations are only a cover for UNPROFOR or Gen. Smith to prove that they are doing their job. Or it may be a cover for the international community to show that something is still happening here. I am not willing to cover anybody's inactivity or disregard of agreements.

[Brigic] Recently in Zagreb you met with the leading people of the Croatian Defense Council [HVO] and the Croatian Army. Will a joint staff be formed soon?

[Delic] The Presidency of the Republic of Bosnia-Herzegovina, being the collective commander of the B-H Army, should state its attitude on that issue. We shall in any case continue our activities in that regard, while the goal is mutual: The Serbian-Montenegrin aggressor must understand that it cannot divide us. On the contrary, we shall be offering joint resistance to the aggression. When speaking of joint military actions, the Kupres operation has proven that they are possible and desirable. Whether after these four months or later, I do not know exactly when, it is certain that there will be a place where the B-H Army and the HVO will act jointly. Those are unambiguous things, and in that respect measures have been taken to move a part of the operative body of the joint staff that is based in Sarajevo to a more suitable area, from which it would be able to coordinate such military activities.

[Brigic] The reforming of the HVO in Sarajevo is being mentioned. Is it true?

[Delic] As the commander of the B-H Army, I have nothing against HVO units being formed in any region, if it is reciprocal. The HVO cannot exist in areas controlled by the B-H Army without the B-H Army's being in areas controlled by the HVO as well. Therefore, recently in Jablanica, I have proposed to HVO representatives that we should form two B-H Army units in the territory controlled by the HVO in order to have parity. At this moment, I repeat, the forming of an HVO in Sarajevo, or in any other area, is out of question. It is only a matter of good will on my part and political feeling that we have maintained the 110th and 108th HVO Brigades around Tesanj and Brcko.

[Brigic] Recently disagreements between the B-H Army and UNPROFOR at Tuzla Airport and in Gornji Vakuf regarding the Serbian liaison officers have been quite prominent. What is the reason for such tensions?

[Delic] There exist no disagreements. There are certain principles that UNPROFOR must regard. When speaking of Gornji Vakuf or Tuzla, it concerns UNPROFOR's disregard of the agreement reached on 31 December 1994. True, the document mentions liaison officers and that all details in that respect are to be

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settled by a central joint commission. We have warned the commission that we shall not allow the presence of any Serbian liaison officers on territory controlled by the B-H Army, because our officers are not allowed to go to Banja Luka, Zvornik, or Bijeljina. So actually, UNPROFOR is bringing in intelligence agents who are supposed to spy on us for the Serbian aggressor, because UNPROFOR is entirely deployed on territory controlled by the B-H Army and the HVO. It does not exist on the other side. For this reason we do not accept that UNPROFOR can demand such things from us. Furthermore, we demand that they preannounce their convoys and inform us in advance what they want to do. In many areas UNPROFOR is trying to force itself between the demarcation lines, to make passage possible for the Serbs to the other side. Simply, it is behaving as though it were the boss of this state. However, it is we who are the hosts here. If we agree that they may specifically visit this or that observation post, they cannot visit some other. But they want to do whatever they like. For instance, here in Sarajevo they ran a man over with a vehicle without accepting any responsibility for it! They are causing traffic accidents and they are not paying for their stay here. I think that it is the task of UNPROFOR's command to make its soldiers behave responsibly and in compliance with agreements. And only then will there be no problems.

Money Shortage Causing 'Chaos' in Serb-Held Areas

AU3003152995 Belgrade VECERNJE NOVOSTI in Serbo-Croatian 29 Mar 95 p 4

[Article by Sl.L.: "Coupons Instead of Money"]

[FBIS Translated Text] The shortage of cash has caused complete chaos in the commodity and financial transactions in the Srpska republic. This was the conclusion reached yesterday at the meeting of the representatives of banks in Banja Luka.

In order to solve this problem the decision has been made to regulate cash transactions at the beginning of April from the current accounts of citizens. That will in fact be a unified means of payment and shops and services both in the private and state sector will be obliged to accept them. Checks will be issued only to citizens where their assets cover them.

Owing to the shortage of cash, several companies in Banja Luka are giving their employees coupons instead of salaries, for which the employees can buy goods in local shops. Although there are fewer and fewer dinars in circulation, the German mark on the black market is worth 2.3 dinars.

Zubak Predicts 'Crisis Will Be Resolved by War'

LD3003185895 Zagreb HTV Television in Serbo-Croatian 1730 GMT 30 Mar 95

[Passages within quotation marks recorded]

[FBIS Translated Excerpt] Following their return from the United States of America, Kresimir Zubak, the president of the Herceg-Bosnia Presidential Council and Defense Minister Vlado Soljic held a news conference in Mostar. On this occasion they said that Croats living abroad were still ready to support the Washington Agreement both financially and in any other way.

[Correspondent Smiljko Sagolj] [Passage omitted] Journalists asked mostly about Alija Izetbegovic's visit to Bonn and his recent speech at a session of the Party of Democratic Action's main board, so Zubak said briefly:

[Zubak] "This is just a continuation in his political attitude."

[Sagolj] Asked why Izetbegovic was not in Washington, Zubak said:

[Zubak] "I think that he made his personal attitude toward the project Federation clear once again. This is nothing new to me personally."

[Sagolj] Asked how the situation in Bosnia-Herzegovina would develop after the cease-fire expires, Minister Soljic said:

[Soljic] "I would like to express here a prediction that I hope will not come true: The crisis here will be resolved by war. I simply cannot believe that Serbs, who have been planning to realize the Greater Serbia project at the expense of Croat and Muslim territories, will give up that project voluntarily."

[Sagolj] Finally, President Zubak said that he did not have any new information about General Vlado Santic, and he said that the military and political leadership of the Muslim people bears the entire responsibility for his abduction and death.

Mt. Majevica, Stolice Viewed as 'Key' in North

AU3003200095 Sarajevo OSLOBODJENJE (Bosnian) in Serbo-Croatian 23 Mar 94 p 5

[Article by S. Avdic: "The Communications Backbone"]

[FBIS Translated Text] Although there is no official information as yet, it is obvious that the counterattack by the 2nd Corps of the Army of Bosnia-Herzegovina, which has come about in response to the Chetnik shelling of Tuzla, is at its fiercest in the Mt. Majevica region. Relying on unofficial sources, the foreign news agencies, as well as UNPROFOR [UN Protection Force], have been reporting fierce clashes occurring on the slopes of this mountain for two days already and have been pointing out that the fiercest battles are being waged in the Banj Brdo area and around the Stolice communications complex. They cautiously mention successes that the Bosnian Army has achieved in the region, but there is no mention of locations where the Bosnia-Herzegovina Army has managed to push back Serbian units.

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The Significance of Stolice

Unofficial sources, from which OSLOBODJENJE has obtained information, say that in the past two days of fighting the units of the 2nd Corps of the Bosnia-Herzegovina Army have won control over several important points on Mt. Majevica. After they had won control over the Lisaca elevation shortly before the cease-fire was signed, the fighters of the 2nd Corps have liberated the neighboring rise of Kolijevka, situated a kilometer and a half east of the Stolice transmitter. They have also liberated Mala Jelica Brdo on the south-western side of the transmitter, as well as the adjoining settlement of weekend houses. The same unofficial sources are reporting hand-to-hand fighting on Banj Brdo, as is also confirmed by the Serbian media, while the OSLOBODJENJE source claims that the Bosnia-Herzegovina Army now holds part of Banj Brdo under its control.

The battle for Banj Brdo is still going on as this report is being written, so it is pointless to make any predictions. Still, it has to be pointed out that if the Bosnia-Herzegovina Army takes full control of Banj Brdo, the Stolice transmitter would be totally surrounded, just as when the Chetniks at Lisaca were surrounded four months ago and several dozens of them eventually surrendered after brief resistance. Yesterday the news came in from Kalesija that around 50 enemy POWs had arrived in this town over the previous two days.

There is no doubt that, strategically, the most prominent point on this part of the Majevica front is the communications complex known as the Stolice transmitter, which represents a kind of communications backbone for the territory controlled by Karadzic's forces in Bosnia-Herzegovina. It is through the Stolice transmitter that the television signal from Serbia is transmitted to the occupied parts of Bosnia-Herzegovina, while the entire telephone network of Karadzic's parastate with Serbia and the rest of the world goes through it as well.

This transmitter was occupied by the forces of the former Yugoslav People's Army several months before the war and was then handed over to the Bosnian Serb paramilitaries. On several occasions the Bosnian Army has tried to regain control of the transmitter (in the summer of 1992 this goal was almost achieved, when units under the command of Hajrudin Masic held the Stolice transmitter for several hours, but they were not able to hold it any longer), but it is obviously a very difficult task. The Stolice transmitter is impossible to liberate, let alone keep under control, as long as chetniks maintain their major stronghold in the region, namely Banj Brdo. For more than three years Banj Brdo has been a real nightmare for the entire free territory of Tuzla, Kalesija, and the free territories around Zvornik and Teocak. The liberation of Banj Brdo would put the chetniks defending Stolice into a hopeless situation. At the same time the conditions are ripening for taking control over the Vis rise, from which the Serbian forces are paralyzing the life in Kalesija with their artillery fire and additionally jeopardizing communications between Tuzla and the free regions around Zvornik and Teocak. The liberation of Banj Brdo would make possible unimpeded communications between two youngest Bosnian communities, namely Teocak and Celici.

Earlier Attempts

It is not necessary to prove that Majevica is the key that opens the destiny of this part of Bosnia-Herzegovina, that is, the Tuzla-Podrinje [Drina basin] canton. At the same time it is probably the most important lever in the functioning of Karadzic's parastate in Bosnia.

Mt. Majevica determines the destiny of the Serbian corridor through Posavina [Sava basin], the destiny of Tuzla and the Tuzla airfield, the destiny of several free and, even more important, some temporarily occupied towns: Ugljevik, Lopare, Bijeljina, and Brcko. The public still does not have any information about the fighting on this mountain, which may also indicate the seriousness with which the command of the 2nd Corps of the Bosnia-Herzegovina Army is treating the operation to liberate Majevica.

In the past three years of the war the Bosnia-Herzegovina Army has undertaken several impressive individual actions at Majevica and even managed to control for a short time such notorious locations as Banj Brdo and Vis rise, but, as a rule, those were insufficiently coordinated actions where initial successes were not followed up by the deployment of fresh forces, which made them appear more like commando assaults. This time, to judge from everything that can be found out, it is a serious, carefully planned, and logistically prepared operation.

Sarajevo Airlift Cut After Serbs Impose Blockade

AU3003145395 Paris AFP in English 1433 GMT 30 Mar 95

[FBIS Transcribed Text] Sarajevo, March 30 (AFP)—The humanitarian airlift into Sarajevo was scaled down to 40 percent of normal capacity Thursday [30 March] because the Bosnian Serbs refuse to the allow aid to be delivered from the airport to the besieged city, a UN spokesman said here.

Kris Janowski, a spokesman for the UN High Commissioner for Refugees (UNHCR), said that if the blockade continued the airlift would probably have to be suspended completely. The airlift on Wednesday reached its 1000th day and is the longest such operation in the history of aviation.

Over 1,000 tons of food and other emergency aid are currently stranded on the taxiway of Sarajevo airport because of the Serbs' refusal to allow it to transit through their "Sierra 4" checkpoint into the city. The Serbs

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closed off the checkpoint to humanitarian aid convoys at the weekend, including those bringing food overland, because of the Bosnian Government's closure of one of its own checkpoints through which UNHCR convoys transit on their way to Serb-held areas.

Some 33 percent of all humanitarian aid delivered to Sarajevo goes to Serb-held areas. The Bosnian Government was demanding that the UNHCR use other routes to supply the Serbs than the Rajlovac checkpoint, west of the city.

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UNPROFOR May Be Evicted Over Mandate Name

LD3103075695 Zagreb Radio Croatia Network in Serbo-Croatian 0700 GMT 31 Mar 95

[FBIS Translated Text] The Security Council will resume its consultations on the new UN mandate in Croatia this afternoon, central European time, in New York. The name of the operation in Croatia is still disputed. In a letter which Mario Nobilo, our ambassador at the United Nations, handed to the president of the Council, Li Zhaoxang, Foreign Minister Mate Granic stressed that Croatia would not give its consent to the deployment of new forces if the cosponsors of the resolution on the new mandate do not allow the official name to be the UN Confidence Restoration Operation in Croatia. Minister Granic said in his letter that Croatia's consent to UNPROFOR [UN Protection Force] presence and mandate would be withdrawn at midnight today [2200 GMT].

Zagreb's Demands 'Unrealistic'

AU3003174095 Paris AFP in English 1720 GMT 30 Mar 95

[FBIS Transcribed Text] Zagreb, March 30 (AFP)—United Nations officials on Thursday [30 March] scrambled to reconcile Croatia and its rebel Serbs' views over a new mandate for the UN peacekeepers force a day before the current mandate was set to expire. "The distance between the two sides is still considerable," UN spokesman Michael Williams said.

"The main argument is linked to the deployment ... along Croatia's international borders with Bosnia and Serbia," he added. The United Nations would be unable to deploy a restructured peace force along Croatian frontiers, he added, "without cooperation from the Serb authorities in Knin," the rebel Serb capital.

UN mediator Thorvald Stoltenberg, co-chairman of the international conference on ex-Yugoslavia, on Thursday rushed to Knin for fresh talks with leaders of the Krajina Serbs. Since he began his mission March 20, Stoltenberg has held talks with Serbia's President Slobodan Milosevic, Croatian counterpart Franjo Tudjman, and Bosnian Serb leader Radovan Karadzic.

The mediator was expected to return here early Friday, ahead of the expiration of the UN Peacekeeping Force's (UNPROFOR) current six-month mandate at midnight. At UN headquarters in New York, the Security Council was expected to vote on UNPROFOR's restructured mandate in ex-Yugoslavia sometime before the current mandate expires. Security Council President Li Zhaoxing, of China, said a decision could come as early as Thursday.

Croatian, Serbian and Bosnian diplomats meanwhile were lobbying the council's 15 members to get the best possible terms for the new mandates, Western diplomats said. The Security Council is set to restructure UNPROFOR to tailor its mandate to the specific needs of Bosnia-Herzegovina, and Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] as well as Croatia.

Three separate resolutions are under consideration following Croatia's suggestion that UNPROFOR's mandate in its territory be modified. Diplomats participating in consultations in New York said the council was ready to approve key terms for the new UN mandate in Croatia, as well as name changes for the UN force in Croatia and Macedonia, while keeping UNPROFOR for Bosnia.

Zagreb, after initially refusing to extend the 15,000 peacekeepers' mandate, said March 12 that about one third of them could stay on but under a restructured brief. Croatian authorities particularly want UNPROFOR to patrol their borders. This demand however is "unrealistic," the UN spokesman in Zagreb said, adding that "countries contributing troops are worried about their soldiers' safety." UNPROFOR nonetheless was considering setting up 25 to 30 checkpoints, but the rebel Serb authorities had only agreed to about 10.

"It's entirely possible that because of this disagreement, the new UN mandate in Croatia will not immediately mention this aspect of the problem and that this issue will be raised later," another UN official commented. On the ground, a senior official at UN headquarters here voiced the bitterness and regret felt by many diplomats and UN soldiers in Croatia when he told AFP, "The Croats wanted us to leave, I was ready to tell them: 'Bye-bye, see you later.'"

A Czech working for UN operations logistics in Croatia, who identified himself only as Major Skornika, said: "We do everything to try to help these people to get along, and they look for any old excuse not to listen. We could stay here for centuries." In Croatia, the UN force would from now on be known as UN Confidence Restoration Operation (UNCRO), while in Macedonia it would be renamed UN Preventive Deployment Force (UNPREDEP).

The new UN mandates in former Yugoslavia are expected to last eight months, except in Croatia where it could last up to one year. While under separate commands, the three UN operations in former Yugoslavia would be interdependent and headquartered in Zagreb, under the military direction of French General Bernard Janvier and the political aegis of Japanese diplomat Yasushi Akashi, the UN chief's special representative.

'No Reasons' To End Mandate

LD3003135995 Belgrade TANJUG Domestic Service in Serbo-Croatian 1256 GMT 30 Mar 95

[FBIS Translated Text] Knin, 30 Mar (TANJUG)—The government of the republic of Serbian Krajina [RSK] reviewed the draft Security Council resolution on the

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UN peace forces' new mandate at a special session today. The RSK government decided that there are no reasons for terminating the current mandate of the UN peace forces.

Standing by its commitment to solve all conflicts in the territory of the former Yugoslavia by peaceful means and through negotiations, as well as by the principle of equality for all the players in the crisis, the RSK government expects the current mandate of the peace forces to be extended.

A statement from the government session stresses that the newly proposed UN operation (UNCRO) [UN Confidence Restoration Operation] could contribute to the consolidation of peace if it is defined as the continuation and expansion of the peace operation introduced by UN Security Council Resolution 743 and based on the current peace forces' mandate in the RSK and the UN protected areas.

The statement stresses that the RSK government considers as unacceptable the deployment of the UN peace forces on its territory if their name prejudices a political solution to the disadvantage of the Serb people and the RSK as a sovereign state.

It is also stressed that it is impermissible that the RSK borders should be blockaded by any formations which would be at odds with the principles of the current mandate of the UN peace forces.

Martic Rules Out Changes

LD3003205595 Belgrade TANJUG Domestic Service in Serbo-Croatian 2014 GMT 30 Mar 95

[FBIS Translated Text] Knin, 30 Mar (TANJUG)—Thorvald Stoltenberg, cochairman of the International Conference on Former Yugoslavia, said in Knin this evening that one should not expect any changes to the UN Security Council resolution on the new UN mandate, as it had practically been adopted.

The main question now was how to turn this resolution into practice, said Stoltenberg at a brief news conference for domestic and foreign journalists after his talks with Milan Martic, president of the republic of Serbian Krajina [RSK].

In Stoltenberg's opinion, the new resolution contained important provisions on the implementation of the cease-fire agreement and on economic arrangements and was based on the Vance plan which, he said, was not insignificant.

President Martic said that the new mandate will mean "the fulfillment of Tudjman's desires," and warned that—in case of the resolution being adopted—there will most likely be a proposal to "thank such peacekeeping forces and wish them bon voyage."

Assessing that the draft of the new resolution was prejudging a political solution, Martic reiterated the well-known stands of the republic of Serbian Krajina, which does not agree to any changes to the peacekeepers' mandate, based on the Vance plan. "We believed that this will not happen, i.e. that U.S. draft of the new resolution will not be adopted, although we were not entirely satisfied, even with Butrus-Ghali's proposals," Martic said.

"During the talks this evening we made it very clear to Mr. Stoltenberg that the present UN mandate can not be altered at Tudjman's request," Martic concluded.

Mikelic Accuses Seselj of Warmongering in Krajina

AU3103104995 Belgrade VECERNJE NOVOSTI in Serbo-Croatian 23 Mar 95 p 3

[Report on an interview with Borislav Mikelic, the prime minister of the republic of Serbian Krajina, by I.Z.; place and date not given: "Seselj Would Like To Destroy"]

[FBIS Translated Text] The visit of Vojislav Seselj and his companions to the republic of Serbian Krajina [RSK] several days ago—when the people are anxiously awaiting the outcome regarding the UN Protection Force mission—contained a warmongering message and was directed against the Serbian people's interests.

[Mikelic] His first address was held in the center of Knin, on the same day young Krajina recruits were being sworn in. Naturally, many people, parents and relatives of soldiers from all parts of Krajina, attended the oath-taking ceremony, not knowing that the so-called warlord would be speaking in Knin on that day. Everything was set up so that Seselj would have many listeners from all parts of the RSK. The venue for his speech was carefully selected; the people who were participating in the ceremony in the barracks had to pass the place where Seselj was speaking.

Oath-Taking Ceremony Misused

[Mikelic continues] In contrast to other oath-taking ceremonies, buses were organized for this one so that more people could come and listen to Seselj. The Ministry of Internal Affairs and the military command should not have allowed a party meeting to be held in Knin that day. Why did Seselj and his companions spread the news about their arrival and support in their speeches those who had invited them to come to the RSK to promote the war option?

The aim of Seselj's speech was to settle accounts with the Serbian leadership too, in other words with Slobodan Milosevic, with the government I lead, and the parliament of the RSK, which definitively rejected his warmongering policy in Krajina.

Everything Seselj said in the RSK, and the way in which he said it, reflects him personally and his party, the program of which offers solutions neither to economic nor political problems in the RSK. The way he spoke presented him as a rowdy, a prosecutor and a judge,

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speaking from a public place. The things he has done in the RSK such as discrediting people, accusing, and judging them, again raises the question of whether he should be sent back to the place where he recently spent several months.

Mikelic supports this view, pointing to the Seselj statement broadcast by Banja Luka Television in which he presented the plan according to which he hopes to destabilize relations in Serbia.

[Mikelic] He stressed that he wanted to organize speeches around Serbia, that he hopes to organize strikes in companies and institutions and provoke a parliamentary crisis. He said, in his excitement on television, that two leading people from the Srpska republic and the RSK were proposed to become members of the National Alliance for Kosovo and that he would be giving speeches in Pec and Gracanica on 8 April.

Unsuccessful Plans

[Mikelic continues] He came to Krajina in order to provoke internal destabilization. He overtly divided the people and committed them to war during his speech. He incited the people against the Serbian leadership, primarily against Slobodan Milosevic, at this difficult time. He tried to discredit the government and parliament of the RSK through those people, who have no influence whatsoever in that parliament. He did not succeed, however, in realizing support for his dirty policy. It is worrying, however, that those who should have prevented meetings like this one—since the danger of war was proclaimed—organized police escort from Knin to Okucani via Benkovac for Seselj and his companions.

That was the reason the personnel changes in the Ministry of Internal Affairs of the RSK were halted. They can no longer be stayed though, because it is written in the constitution of the RSK that the government must support state policy.

That is why those who initiated steps for my resignation and that of the government were given a negative answer in the parliament. This discussion will, however, soon be required by the government itself and we will then see who it was who wanted to introduce crime into Krajina and what the situation was like in 1992 and 1993, before the present government was formed.

Vojislav Seselj came to the RSK in order to tell people that there would be no negotiations, to provoke incidents and close down the highway [between Zagreb and Belgrade], forgetting the problem of spring sowing if the highway cannot be used, and of industry, which cannot work without raw materials. His idea is to exchange negotiations for rifles and let Krajina youngsters die. He said in his speeches that he came with the aim of protectin Milan Martic, and I asked myself who from—from his own people? Certainly not. I think that the masks have dropped in time and that the Krajina people can see who is leading them in the wrong direction.

Commentary Criticizes EU, U.S. Policy

AU3003203295 Zagreb VJESNIK in Serbo-Croatian 24 Mar 95 p 9

[Commentary by Ivkica Bacic: "Reward for Serbia, a Gesture for Croatia"]

[FBIS Translated Text] In view of the therapy that world statesmen, particularly European diplomats, have been utilizing from the very beginning in order to resolve what they themselves charmingly defined as the crisis in former Yugoslavia, that crisis will not only last long, but we shall also have to put up frequently with "separate" showers, which will keep us cool while sanctioning the Serbian victories on the ground.

"If only there is no new war in Bosnia!," the European and U.S. diplomats are repeating in chorus as the spring approaches. No sooner did they shrug off the great worry caused by the Croatian expulsion of UNPROFOR [UN Protection Force], for which Croatia has not only received recognition, but also many promises, than the renewal of the conflict in Bosnia has knocked on their door. True, they have heard some rumors saying that even the winter was not quite peaceful there, that Milosevic's satraps from Knin and Pale were attacking Bihac (said to be a UN safe area), and in addition to that heroically starving out tens of thousands of Bihac's citizens. Yet, what is yet another tortured (Bosnian) town in comparison with the winter sleep of the European (and U.S.) officials, and what are the deaths (neatly noted by UNPROFOR) of so many Sarajevans who are being killed on a daily basis, in comparison with the fact that the word given to Carter this winter is "in principle" being observed?

Both Bihac and Sarajevo are viewed by the European (and U.S.) officials as minor issues in comparison with the only important thing, that is the principal observance of the agreement, just as not so long ago the Serbian devastation of Dubrovnik and Vukovar, as former U.S. Ambassador to Belgrade Zimmerman recently acknowledged to our great satisfaction, was swept under the carpet and wrapped in phrases like "republican nationalisms that threaten the unity of Yugoslavia." True, the former ambassador now regrets that he did not propose the use of force at the time, which would have stopped the former Yugoslav People's Army and the Serbian soldiery. "I admit that it was a big mistake I made," Zimmerman confesses. I am certainly not the only person moved by his words.

And what is being proposed these days by the European diplomats as a remedy, principally sticking to the same therapy? Making use of his position as the current chairman of the EU Council of Ministers, chief of the French diplomatic corps Juppe (most probably with the consent of Warren Christopher and Andrey Kozyrev) has rolled up his old proposal on the meeting between Tudjman, Izetbegovic, and Milosevic in a new wrapping. Because Milosevic, just like so many times before, has

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blocked the initial idea about the mutual recognition of the three states, for which the great leader would be rewarded with the total lifting of the sanctions, Juppe is now proposing the separate recognition, that is, only between Sarajevo and Belgrade. How come? Of course, for Milosevic has hinted that it is precisely what he is ready to do at the moment, which is in the opinion of the French minister quite encouraging. The fact that Milosevic's hinting has been quite frequent so far (even the Croatian officials swallowed it last winter) and that, as a rule, it has proven false, while Milosevic has proven to be a great liar, does not seem to bother Juppe all too much.

And what about Croatia, that is, the recognition of its international borders by Belgrade? Because Milosevic is not ready to do that yet, Juppe agrees to put Croatia aside, using the notorious phrase "for an indefinite time!" Because Milosevic is perfidiously repeating that he has nothing to do with the occupation of a part of Croatia, and that he would accept anything on which Zagreb and quasi-independent Knin agree, the French minister denies what he said before, and in Milosevic's style proposes to Croatia that it should negotiate with the rebel Serbs for an indefinite time!

In return Croatia will get from Juppe (the European Union) something symbolic—the simultaneous reconstruction of one Croatian and one Serbian village that were devastated in the war!

Even if it comes from the French diplomat, this proposal is too much. Even if it is for the sake of peace in the European house, it is really inadmissible that the chief of the French diplomatic corps, by both his language and phrases used when referring to Croatia, actually insults and belittles all its victims, everything it has suffered so far since it became a stumbling block on Serbia's way toward the accomplishment of the great Serbian dream. Juppe, together with Kozyrev and Christopher, obviously does not shrink from anything to please Milosevic again. He even follows the great leader's instructions while tailoring and readapting political solutions. He is ready to reward Milosevic each time he verbally declares himself for peace!

So it was last fall, when the Serbian leader in principle accepted the partition of Bosnia-Herzegovina according to the draft of the Contact Group, knowing that it would not harm the united Serbianhood at all (Karadzic is reportedly and unilaterally against the plan, and nobody can do anything about it), while it would bring about an easing of the international blockade against Serbia.

The same principle works now as well. The cold-blooded Serbian liar is looking forward to a new reward, while Croatia can hope merely for a symbolic gesture! The European and U.S. diplomats are not giving up the initial therapy—resolving the crisis by constantly wooing Milosevic (and his satraps in Knin and Pale).

After all, Juppe is most interested in peace as well!

Istrian Party Leader Warns Zagreb on Issues

95BA0192C Belgrade POLITIKA in Serbo-Croatian 2 Mar 95 p 7

[Article by R.A.: "Knin Could Be Repeated in Istria"]

[FBIS Translated Text] Zagreb, 1 Mar—In mid-April, the first world congress of Istrians will be held, and Istrians from the entire world will debate Istria's cultural, economic, and political issues. The central issues will certainly include the topic of Istrian autonomy, an issue that has become particularly acute since the recent decision of the Constitutional Court of Croatia striking down 18 articles of the Charter of Istria Zupanija, which were an introduction to the desired autonomy of Istria within the framework of the Republic of Croatia.

Ivan Pauleta, one of the founders of the Istrian Democratic Conference (IDS) and its deputy in the Croatian parliament, who gave an interview published today in GLOBUS in Zagreb in connection with that upcoming important political event, expressed fear that because of the "hard-line" policy of the incumbent HDZ [Croatian Democratic Union] regime toward Istria and its aspirations, there could in a way be a repetition of Knin in this region. Pauleta has this to say:

"In its legislation governing the questions of local administration and self-government we have always wanted Croatia to take as its point of departure the principles of the European countries with advanced local self-government in which the self-governing units are allowed to make decisions on everything except those issues that absolutely have to be dealt with by the central authority. Instead, we have gotten laws whereby the zupanijas stifle local administration, and the actual power on all matters, even the tiniest, is in the hands of the state. This is tragic for the development of a democratic society.

"We in Istria will not reconcile ourselves to this situation. The present situation reflects the arrogance of the top leadership of the state, which does not want to learn even from the bad examples in their own practice.

"If four years ago Croatia had offered Knin what is now being requested of it, it would today be in a much more favorable position. I am not saying that there would not have been war, but Croatia certainly would not be compelled today to offer Knin much more than the Krajina Serbs ever hoped for. I am afraid that something similar will soon happen in Istria. I am not thinking of war. We have no intention of causing a war, but there are other civilized mechanisms with which one can achieve one's goals. It takes a great deal of persistence, but we have plenty of that. With the help of certain other regions in Croatia, and especially with the help of certain European institutions, we will attain a higher degree of autonomy."

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In Istria, incidentally, they are highly skeptical of the future confederation of Croatia and the Muslim-Croatian federation in Bosnia-Herzegovina, which was established by the Washington agreement, and Pauleta refers to it as follows:

"I can say confidently that we in Istria will not accept confederation between Croatia and Bosnia-Herzegovina except under the condition that Istria becomes an independent federal unit or region with a high degree of autonomy. I do not know what historical, cultural, ethnic, or political ties link Istria to Bosnia-Herzegovina. I personally have a great many friends in Bosnia, but I do not understand why we would live in the same state, in an alleged confederation. I say alleged because there are no confederations in world practice. Switzerland, which is called a confederation, is a federation in its arrangement. The confederation of Croatia and Bosnia-Herzegovina, under the Washington agreement, is likewise a federation, because a number of executive bodies are envisaged, and a confederation does not have that. Now, the top political leadership of Croatia, the people who signed that agreement, are aware that it would be disastrous for them at this moment to admit that they intend to enter into a federal community with Bosnia-Herzegovina, and that is why there is constant talk about a confederation. It is intolerable here for the head of state to make such a fateful decision without a referendum."

Bank Introduces Restrictive Monetary Policy

95BA0196E Zagreb VJESNIK in Serbo-Croatian 27 Feb 95 p 1

[Article by Franjo Kiseljak: "The Denouement With Losing Firms"]

[FBIS Translated Text] Last week ended with a decision of the Board of Governors of the National Bank of Croatia [NBH] that was extremely unpleasant for the economy and the banks, and the new week is beginning with "small meetings" behind closed doors in which attempts are being made to work out solutions for the most problematical firms in Croatia, some dozen of them that together have debts in the amount of 7 billion kunas!

The Board of Governors has decided that in March, before the end of the first quarter, all monetary aggregates must be reduced by the overruns that occurred in January and February. The aim of the NBH Board in calling for this money fast is to return monetary activities to a magnitude that conforms to the standards for assessment of execution of the attentions of the Croatian Government, which after the end of March comes under the magnifying glass of the IMF.

The day before the monetary authority decided to tighten the reins, the government issued special decrees to remove the large debtors in the banks to a decent distance from their loan departments. Loans to firms that are both large owners and large debtors were limited to 5 percent of the value of what is referred to as protected capital. Foreigners have for years been amazed at our custom here whereby bank governors are at the same time the banks' biggest debtors. This feature is finally beginning to be purged from banking practice in Croatia.

Restoring banks to health actually means restoring their clientele to health. In the week now beginning, there will be a series of talks, so far internal, about the possible resolution of the fate of the most problematical firms in Croatia. These are firms that need more and more money to continue to survive in their agony, so much money, in fact, that thousands of firms with future prospects are left only the crumbs beneath the bankers' table. The government has promised that it would prepare for the next session of the parliament an outline program for resolving the problem of firms operating at a loss. The program will include emergency financial rescue and bankruptcy, reorganization, capital disinvestment, and parting with the family silver.... Each case will be dealt with separately.

The second phase of stabilization should be seen as a series of individual decisions. There are no longer any surprise shock-therapy decisions as there were in the first phase. The time has come for the painful combing out, lock by lock.

Kacic on Border Dispute With Slovenia

95BA0185B Belgrade VECERNJE NOVOSTI in Serbo-Croatian 18 Feb 95 p 4

[Article by TANJUG: "There Will Be No Concessions"]

[FBIS Translated Text] Hrvoje Kacic, chairman of the Croatian State Commission for Borders, has said that Croatia will not make any territorial concessions in establishing its border with Slovenia.

In an interview published in yesterday's VJESNIK he said that the resolution of border problems with Slovenia will not be included in a "package" with certain other matters because borders, he said, are "established for always."

In establishing borders at sea, for example, the Slovene side has presented more "political assessments" than sound arguments, Kacic believes.

If Slovenia does not want to honor Croatian arguments, the "matters in dispute will end up being decided by international bodies," Kacic warned. He elaborated that the question of the border in Piran Bay still has not been settled between Ljubljana and Zagreb, but on the Croatian side it is "so clear that there is no room for compromise."

The chairman of the Croatian State Commission for Borders recalled the "incident" last year when Slovenia,

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he says, made a "paper annexation" of certain settlements in Istria. He mentioned that in the region of Sveta Gera, which Croatia considers to be its territory, the Slovene Army is still in one garrison that it entered when the former JNA [Yugoslav People's Army] withdrew. Kacic says that the Slovene side "cannot explain or justify in any way" keeping military units in a garrison in Sveta Gera.

"We will not consent to this 'game' on the principle of 'something Croatian for something Croatian,' and actually the case of Sveta Gera is an occasion for the Slovene side to show its goodwill," Kacic said.

Minister Discusses Draft Privatization Law

95BA0196D Zagreb VJESNIK in Serbo-Croatian 26 Feb 95 pp 9-10

[Interview with Ivan Penic, minister of privatization of the Republic of Croatia, by Josip Antic; place and date not given: "Rapid Privatization Does Not Mean 'Quick Sale'"]

[FBIS Translated Text] *Will the announced Law on Privatization, which is the basis of the government's conclusions reached in the meeting on Pantovcak, succeed in speeding up the slow events of transformation, and to what extent will it do so? Does a rapid pace also carry the danger of a sell-off? How are those who have been dissatisfied up to now going to be satisfied with the distribution of shares? Is it possible to protect small shareholders, and how? Those are just some of the questions evoked by a reading of the government's conclusions in Pantovcak insofar as they concern the sector of Ivan Penic, Croatia's first minister of privatization. In an interview with VJESNIK, Penic presented part of the line of argument, which will be set forth in much greater detail in early March, when the Law on Privatization is supposed to reach the heated benches of the deputies.*

[Antic] What would you single out as the most important and essential thing that is different from past arrangements in connection with the Law on Privatization, the draft of which your ministry will be submitting to the government at the end of February?

[Penic] The stock distributions are something new, and the volume will be significantly greater than in the past. Up to now, stock distributions have concerned Croatian defenders, disabled veterans, and families of defenders, but now distribution to displaced persons and civilian victims of the war is also proposed in the Law on Privatization. That procedure signifies a speeding up of privatization. On the other hand, speeding up does not mean a decision in favor of "quick sale," which could hardly be carried out under much more favorable conditions than those at present, when the entire world and all potential customers are waiting to see what will happen following the Croatian decision to deny the mandate to the UNPROFOR [UN Protection Forces].

[Antic] Accordingly, the acceleration of privatization, as the key word in the government's conclusions that came out of the meeting chaired by the president of the state, is in this context becoming a synonym for stock distributions.

[Penic] True, but that does not mean that we are not continuing to make sales and to do it more rapidly. How is this to be done? A second round of sales will be offered to those who have not taken part in the process of transformation and privatization up to now, because many people say that they were unable to participate for one reason or another. A certain number of citizens were at the battlefront, and their arguments for a new round of sales are well-founded. The second group consists of those who said that they were afraid, although, if we tell it like it is, they might have exercised their right.

[Antic] Another new thing in the Law on Privatization is said to be the introduction of what is called dynamic assessment, by contrast with the static assessments we have had up to now. The public is nevertheless interpreting this as the possibility that certain firms, for example, a shipyard, may be obtained for the symbolic value of 1 kuna....

[Penic] Those debates about assessments are nothing new, and I say that only the market is the best dynamic assessment. If you decide in favor of dynamic assessments apart from the market, you will get into difficulty all over again. Even with that kind of assessment, various firms with a world reputation will give you differing assessments over a spread of 1:3 on the average. When you mention sale "for 1 kuna," you are oversimplifying in a way. You emphasize the alleged "sale for a song," which is not what it is. If in that sale you are requiring that employment be kept at a given level, if the customer is taking over the debts of that firm (which, as you know, are not small), then one can hardly speak about "1 kuna." A very decent price is concealed behind that token amount. At the same time, dynamic assessment may also mean this: For many small companies, the capital price may even be higher, because their shares are worth more. That is to say, that we will not be selling them at the price fixed by the static assessment in 1991, at the height of the war, but we will be asking a higher price. Accordingly, there are a great many departures from your example, and it is up to us to verify those departures in the best possible way.

The Good and Bad Sides of Distribution

[Antic] Let us go back to the distribution of shares, which you say is one of the essential provisions of the law. It is obvious that this is a "selective distribution," that is, that certain groups will be "skipped over." Do you anticipate stormy reactions in the public and parliament concerning the distribution of stock?

[Penic] This law will probably also contain certain features of stock distribution to pensioners, which I will advocate both in the government and the parliament.

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This refers to the distribution of stock from the portfolio of pension funds, not from the portfolio of the Croatian Privatization Fund. As for the other groups you mention, the necessary consensus is required for them. Only then can we speak about a good and successful distribution. Look at the groups that will certainly be involved in the distribution. Do we have the understanding, the consensus, if you like, even the love of the entire Croatian people for the displaced persons, civilian victims, and pensioners, who truly are living miserably? We obviously do have. What I want to say is that it would be good if we found consensus for certain other groups.

[Antic] The unemployed, say, who have not been in that position through their own fault?

[Penic] I myself mentioned the unemployed in a debate in the context in which we are talking. I was told that among the 240,000 unemployed it is very difficult to establish who is truly without work. There are estimates that no fewer than 100,000 of those unemployed registered with the bureau are receiving some money on that basis, but actually they are very much employed—but off the record. Accordingly, distribution of stock to the unemployed would afford a great deal of justice, but also a great deal of injustice. If debate on that issue is opened in the parliament and if there is an amendment along those lines, then I am convinced that that act must be preceded by a thoroughgoing inventory of the unemployed. I would like to indicate another problem related to certain demands that advocate what I would call distribution of stock to the entire population. Before any decision of that kind, we should study and analyze what has happened in Russia, Romania, Slovakia, and even the Czech Republic; that is, in countries that have carried out that form of stock distribution. What are the bad sides of a general distribution? First of all, the immense offering and the small demand, which means that the price of the stock falls in the direction of zero. Regardless of the face value, the shares are worth nothing if there is no demand for them. At that point, the recipient of such stock can only feel deceived. He has nothing more in his hand than a sheaf of paper. So, when such formulas are suggested, we must realize that this is not an effort toward justice, but an element of the political struggle that is not looking at the ultimate consequences. And the ultimate effect of a mass distribution leads toward scenes from the 1920's in the United States, when the New York Stock Exchange crashed. To conclude, the Law on Privatization defines the rules of the game of what is called conventional privatization of the German type, because it has proved to be the best. It is true that it causes a great deal of tension and strikes, but at the same time it finds entrepreneurs who will manage the factories, because there is no new profit without fresh capital and a new organization. The mere fact that something has been distributed and transformed means absolutely nothing.

The Interesting Zadar Project

[Antic] The categories of citizens who would get shares under the new law will thus become small stockholders—that is, they will join a group that in privatization so far has faced a number of insoluble problems. Does the law prepare solutions that would make the situation of small stockholders easier?

[Penic] No one in the world can guarantee the price of stock, not even the Croatian Government. Anyone who attempted would become bankrupt. If we have committed ourselves to a free market and free enterprise, then there is no going back. The problem is that life is hard in Croatia today and people do not have money. So they are truly forced to sell stock at a price below what it is worth, which is again a consequence of the imperfect market and the fact that there is no demand. The shares are worth the profit they return in a year. I would point out another aspect: It seems to me that we did not sufficiently appreciate those who have invested their abundant resources in Croatian firms. They could have lived more peacefully, and, if you like, even more lucratively, off the interest than to trouble themselves with how to get back their investment and show a return. It is as though some people want those people to fail, which to me is mischief. And no progress comes from mischief.

[Antic] Let us get back to the government's conclusions. They particularly emphasize the privatization of tourist firms. Has the government found a good model for selling them?

[Penic] That segment of privatization was singled out in the conclusions only as an example, just as we might have cited agricultural combines or shipyards.... It is a question of undertaking to divide one joint-stock company into several, for which there is no provision in the Law on Trading Companies. We will attempt to propose this in the Law on Privatization, regarding it as a *lex specijalis* [special law] vis-a-vis the Law on Trading Companies. As far as tourism is concerned, we must realize that 25 large tourist concerns cover 75 percent of Croatian tourism. Many of them have begun restructuring, and I am monitoring the projects that they are proposing. For example, Turisthotel of Zadar has a good project. They intend to sell no fewer than 100 different properties individually—restaurants, houses, villas—and our diaspora in New York is especially interested in this. With those funds, it would renew the core of the firm. There is also another version—large concerns would be divided into several joint-stock companies; they would adapt to the market and they would sell more easily, but those assets would go to the fund. This would be a powerful incentive for everyone to undertake vigorous restructuring, because if that does not happen, then the fund will have to do it itself, where it has a majority share. Where it is in the minority, it will try to get the necessary number of votes to undertake restructuring. There is no possibility of selling a concern that is

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worth 200 million German marks [DM]. We clearly are not against retaining the core of recognizable firms. We favor a combined model: division, sale, reduction of public debt, a second round of stock subscription, the possibility of dividing up large concerns, and participation of a larger number of owners. With that model, we will not ruin stock prices on the market, but at the same time we would speed up privatization and attract foreign investors, which will not only bring in money, but also knowledge and technology.

Nothing Is Perfect, of Course

[Antic] It is a fact that all the zupanijas have not suffered equally in the war; how do you intend to accommodate the most threatened zupanijas? Is it possible to make a link between privatization and reconstruction?

[Penic] I will take Dubrovnik as an example for you. A hotel assessed at DM15-16 million, but now devastated, would be worth DM3-4 million. We state that clearly to foreign investors, and they will then invest in rebuilding the hotel. It is not just a question of Dubrovnik, but also, for example, of Zadar, Sibenik, Osijek, and Vinkovci. What is more, it is also possible to pay for certain work done in reconstruction with shares. Thus, Dalmacijacement will receive shares of stock for delivering cement for the reconstruction of Konavale. The law clearly will not envisage differences among the zupanijas, but the ministry and the fund are left a great deal of operating room in providing support. In short, the law leaves all doors open.

[Antic] Finally, in what way does the law aim at preventing what in the first phase was called "negative aspects," while the newspapers refer to it as "robbery and looting"?

[Penic] That occurred, and it will again. Nothing is perfect. We will continue to correct what we find to have been done wrongly and illegally. When you mention newspaper articles, we do not react to them, for example, to those that are at the moment concerned with the case of Modee. Now, I put the question of whether it is constitutional to be a thief, a liar, and a looter? I say that because I think that we will prove that all those things I have said occurred in this case. It is not just the case of Modee. We will see whether there was some similar case in Vinodolski. Be assured that no one is going to get away!

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Greece Reportedly To Seal Border 'Hermetically'

AU3003190095 Skopje MIC in English 30 Mar 95

[FBIS Transcribed Text] Yesterday, in the central news, the Macedonian Television [MTV] announced the unofficial information that the "Skopje" refinery was informed yesterday by the Greek firm "Mamidakis" that the Greek authorities had stopped the delivery of humanitarian aid from the PHARE [Economic Reconstruction Aid for Poland and Hungary] program, intended for Macedonia [The Former Yugoslav Republic of Macedonia—FYROM].

The help consisted of 7,000 tons of diesel fuel and 14,000 tonnes of crude oil that were supposed to arrive in Macedonia these days, directly from the "Mamidakis" storehouses in Salonika.

MTV also reports, from reliable sources, that 70 wagons of the Macedonian railways that were waiting in Salonika to take over the diesel fuel for Macedonia will be sent back, empty. Also unofficially, the high circles of the Greek administration are considering some other additional possibilities of hermetically closing the Macedonian-Greek border for all kinds of traffic of goods and people between the two countries. In addition to other restrictive measures for full blockade of Macedonia, the Greek side is also contemplating cutting off all telecommunications between the two countries.

According to MTV, these latest measures are brought into close connection with the latest developments in the Macedonian-Greek dispute.

Police, Intelligence Agency Reforms Approved

AU3003190195 Skopje MIC in English 30 Mar 95

[FBIS Transcribed Text] In yesterday's session, the Macedonian parliament adopted the police laws, the law on internal affairs, with 72 votes, and on intelligence agency, with 61 votes. These laws rounded off the entire system of reforms of the police. The essence is in the factual division of the interior ministry into three separate segments. The first one is the very ministry, as part of which the classical (uniformed) and criminal police will remain, as well as all administrations. The second one is the Department for Security and Counterintelligence, which will have a certain autonomy in relation to the interior ministry. Its director will be appointed by the government and he will answer directly to the interior ministry. The third segment is the intelligence agency, which is a fully independent organ, and its director is appointed and personally answers to the president of the state.

[Interior] Minister Frckovski made the introductory speech on the transformation of the police, emphasizing that these two legal acts passed through the expert analysis of several independent foreign organs. Explaining the contents of the laws, he stated the foreseen forms of control over these security organs, in detail. Of the submitted amendments, only those of a terminological nature gained support, which delved into the contents of the legal texts.

The PDP [Party for Democratic Prosperity] members of the parliament, as they previously announced, did not attend the 10th session, just like their colleagues, representatives of the Albanian parties in parliament. Only three Albanian MPs, two from PDP and one independent MP, took part in the 11th session, which lasted only an hour. Eight legal projects for deals in various fields, between Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and foreign countries were ratified in the 11th session, as well as two decisions, and one law from the health sphere.

Strategy of Albanian Demands Analyzed

95BA0189A Skopje PULS in Macedonian 24 Feb 95 pp 18-20

[Article by Todor Atanasovski: "An Eagle in Low Flight"]

[FBIS Translated Text] *The Greater Albania concept exists as a fully formed strategic system, even though it has been "set at odds" by time.*

Even though it is located on the southwestern periphery of the Balkan Peninsula, the Republic of Albania has a noteworthy strategic position, especially with respect to the areas encompassed by war and the possible directions in which it may spread. As an Adriatic country, it is already a link in the cordon around the active battlefield. Never until now has Albania expressed itself as a significant force here in the formation of the Balkan strategic situation: a) through the significance of its geostrategic position, and b) as a Balkan state through the expansion of the Albanian ethnic group and its spread through the territories of the countries around it. Because of the former, it has constantly, throughout history, been in the field of vision of the great European powers, which is also the case today, and because of the latter reality, even though it is the most undeveloped and the smallest country (after the Republic of Macedonia [The Former Yugoslav Republic of Macedonia]), Albania has not been left out of the big-state tensions. Even in the conditions of an obviously unfavorable balance of power, it is stubbornly developing a hegemonistic and aggressive big-state concept. Strangely or not, this country has claims upon parts of the territory of all four of the countries around it with which it has continental borders. It is claiming part of Greece's state territory (including up to Ioannina in the Epirus region), Serbia's state territory (the so-called Republic of Kosovo), small but very important parts of the Republic of Montenegro's state territory, and parts of the Republic of Macedonia's state territory (the so-called Ilirida). A "Greater Albania" was achieved within this framework under the protectorate of fascist Italy during World War II from 1940 or 1941 to 1944. On this basis the Republic of Albania is participating actively, in a negative sense,

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in articulating the Balkan strategic situation. The Albanian big-state concept should be understood as a comprehensive strategic system formulated as a system of solidly elaborated positions, with defined goals to be worked on, that are to be achieved through solidly constructed methods. Even though that system has had varying degrees of success, the countries that are objectively the targets of this strategy have to keep it in mind, at least for the foreseeable future, as a component that will determine the conduct of the Albanian factor. I will only touch briefly on certain other features of the Greater-Albania strategy, which will confirm the observation that it is a comprehensive system that functions as such.

—It behaves in a markedly subordinate manner. Several indications and coincidences show that it is guided from one center;

—The coordination (in area, tactics, and so forth) is more than evident;

—The extremely coordinated tactics of operation, both through the "area" and in accordance with the situation, and the forces and available capabilities;

—The choice of the forms and methods of operation result from a quite coordinated and, I would say, quite good assessment of the situation.

The Greater-Albanian strategy seems to have adopted the principle that "the end justifies the means." Consequently, the principle is not very choosy, selective, and scrupulous. In the conditions of World War II, Albania turned out to be very repressive toward the non-Albanian population, even more repressive than the Italian fascist protectors. In the postwar situation those conditions no longer exist, but when they are created, the true face of the Greater-Albanian strategy is shown immediately. It is often even repressive toward the Albanian masses in the name of "high ideals and goals." Even the latest policy has had large fluctuations—it promotes itself as an Islamic state, it emphasizes its Turkophilism, it even wants to be a European state, and it does not move a millimeter away from its big-state concept. Albania is really a small country with a territory of 28,748 square kilometers and a population of about 2.5 million (2,075,000 in 1969). Economically, it is extremely undeveloped. Objectively, it does not have any capability of expressing itself through respectable, traditionally organized armed forces. Enver Hoxha's old military system is in collapse, and can only be revitalized in the long term, more realistically if the Republic of Albania is forced to defend itself against foreign aggression, and almost hopeless, as such, if Albania itself insists upon territorial expansion. At the same time, it is a country in transition, which is entering upon changes from the lowest economic position. If all of this is approximately true, the following question arises: Aren't we overemphasizing the dangers from the Greater-Albania concept in the formation of the Balkan strategic situation, and especially the dangers to the security situation in the Republic of Macedonia? What is the Greater-Albanian strategy actually based on?

1) Although it is active in a broad area that belongs to four countries (Greece, Macedonia, Serbia, and Montenegro), this big-state strategy functions as a unified system, with the possibility of maximum utilization not only of its own capabilities, but also mutual collisions and confrontations among those countries.

2) Not being able to express itself in the traditional way as a state with greater capabilities of territorial conquest, it has decided on a maximum concentration of its activity from within, with the involvement of the large Albanian minority that is advantageously spreading through the territory of the neighboring states.

3) The Greater-Albanian strategy is apparently not prevented by repression against the Albanian population in the countries around Albania, because repression is a chance for activities within the framework of this strategy; a) it fits comfortably into the international system for the struggle for human rights; b) it ensures international support, at least for a limited time; c) the struggle for Greater-Albanian goals at least outwardly assumes the characteristics of a just and liberating one; and d) the opposing side, induced to engage in repressions, will be discredited in the eyes of the international public.

Practical experience to date shows that the Greater-Albanian strategy has considerable capabilities of increasing tension in its favor and furthermore controlling "the situation within the limits of acceptable" risk. All of the conflicts to date in Kosovo and Macedonia were relatively successfully controlled, except in Kosovo (1981), when the Greater-Albanian strategy lost what it had achieved in the Socialist Federal Republic of Yugoslavia. The results were completely counterproductive, and the "Kosovo alternative republic" could not compensate for those losses.

The following can be listed among the advantages of this big-state concept:

—The big-state strategies on the other side, in this case the Serbian and Greek ones, operate separately and each on its own behalf, because these strategies are mutually opposed because each one wants to grab territory, and so they have no chance of acting as a unified anti-Albanian Balkan concept;

—In these conditions, and above all because of its fundamental commitments, the Republic of Macedonia is condemned to rely on its own resources and its own strategy to defend itself. That strategy actually must not even be anti-Albanian, even when it confronts the Greater-Albanian concept. The Republic of Macedonia simply cannot accept either the Serbian or the Greek model of resistance, or even any collaboration whatsoever with these hegemonistic strategies around it.

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The focus of this look at the Albanian influence upon the possible development of the strategic situation in the Balkans has to be the experiences we have gained from the course of the Yugoslav wars to date. Specifically, the war did not start as traditional aggression in a single republic (Slovenia, Croatia, or Bosnia-Herzegovina), with a military strike from outside, but rather indirectly, and with a strike from within. Albania really does not have the operational military capabilities to exploit the possible results of a "strike from within." That is why they are the ones that have such capabilities, but it would not matter to us. The threefold aggression fits relatively comfortably into the category of an "internal" or "civil" war. This possibility could hardly be ruled out.

The big-state strategies around us, in spite of their mutual confrontation, have frequently collaborated against the Republic of Macedonia, even risking serious mutual clashes. It has happened that the stronger ones manipulate the weaker ones, pulling their strings from behind and outside their field of vision, and so it is not easy to recognize whose goals are actually involved. The Republic of Macedonia's strategy for any deterioration of internal relations has to bear in mind the hidden activities around us. If this point of view for looking at the possible development of the strategic situation is even slightly acceptable, then why don't we examine the problem of the spread of the war through the Balkans from this standpoint as well, and not just in the direction of Bosnia and Herzegovina-Sandzak-Kosovo-Macedonia? Why not also in the direction of Albania-Macedonia-Kosovo-Sandzak-Bosnia and Herzegovina, and Albania-Macedonia-Serbia-Bulgaria-Greece-Turkey, and so forth?

How does the Greater-Albanian strategy assess the Republic of Macedonia from the standpoint of achieving its strategic goals?

It is no longer any secret that the Greater-Albanian factor is making a continuous and even high-quality assessment of the situation, and within that framework, of the conditions for achieving its goals within the Republic of Macedonia as well. It is probably thought that in the present situation Macedonia is the weakest link and the only area where the conditions and balance of power exist for offensive action. This is based on the following:

In the first place, the presence of a strong Albanian ethnic group that is not just "worn out." Its spread is extremely favorable.

In the second place, Macedonia, through its entire western border, is in contact with the parent area of the Republic of Albania, which constitutes a favorable circumstance for acting on the basis of a Greater Albania and on behalf of the goals that are to be achieved as part of that concept.

In the third place, more than two-thirds of the Republic of Macedonia's northern border (from Kumanovo) is settled, on both sides, by ethnic Albanians; this is outstripping Macedonia (and Skopje) and forcing it to act on a broad front and area with maximum efforts.

In the fourth place, the above-mentioned three favorable circumstances allow the Greater-Albanian strategy relatively easy infiltration on a rather large scale, and infiltration operations without any serious involvement by Albania as a state, with the possibility of avoiding possible international sanctions—the experience of Bosnia and Herzegovina, Croatia, and Serbia.

In the fifth place, the Republic of Macedonia is a landlocked central Balkan country whose territory is claimed by the other Balkan countries around it (Serbia, Bulgaria, and Greece), and so it will have to rely exclusively upon its own resources.

In the sixth place, the international factor will hardly help Macedonia, because sabotage of assistance has to be expected from the neighboring countries, and the struggle within Macedonia can easily be concealed behind the struggle for human rights.

What actually is the position of the Greater-Albanian factor within the framework of the current strategy in the Balkans?

If one looks at the "configuration" of forces in the region (the Balkans and southeast Europe), especially their deployment and relationship, one could hardly conclude that the Greater-Albanian factor is in a favorable strategic position. Particularly unfavorable is the strategic position of the Albanian people itself, which is being extremely irresponsibly manipulated by the Greater-Albanian concept. In the end, the people (on all sides) always pay the bills. In just the last five years, the Greater-Albanian concept has been dealt several blows by the opposing big-state strategies of Greece and Serbia. I think that even in Macedonia, some activities based on a Greater-Albanian position have given or are about to give counterproductive results. The biggest strategic liability is the erroneous nature of the very concept, which is taking relations backward. Nevertheless, we will dwell on the most evident one, which confirms the unfavorable strategic position of the Greater-Albanian factor.

First, the Albanian ethnic group outside of Albania, in a short time and instantaneously, could find itself subjected to armed repression, especially on the territory of the Federal Republic of Yugoslavia, and elsewhere as well, with unforeseeable consequences.

Second, the Albanian ethnic group outside of Albania simply does not have any serious capability of self-defense and self-protection, and the Greater-Albanian strategy cannot do anything in this regard. The conduct to date of the Greater-Albanian leadership and the subordinate parts of that strategic system shows awareness of the possibilities of such a catastrophe, but not enough responsibility on the part of the politicians and

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strategists who view the Albanian people as "material" that can and should be used.

Third, the Albanian ethnic group is only apparently "covering" territories and broad areas. That "coverage" is rather amorphous, and does not constitute a comprehensive and organized "Albanian social environment" and context. In many cases it has turned out that the states function quite consistently and with substantial capabilities.

Fourth, the Albanian ethnic group is actually really undispersed. There are large family communities, composed of several (large) families in which more and more members are not mobile (children, women, old people), and moreover shut up inside crowded yards.

If one bears in mind repressive practices to date—unselectively acting against targets, unscrupulous crudity, the use of lethal weapons and weapon systems, it is not difficult to picture horrors that could probably surpass those of the past. The militant Greater-Albanians often threaten that "they will turn Macedonia into Bosnia," as if they were completely certain that they would not put their people in the position of the repressive side.

When serious repression was threatened in Kosovo, we could often hear statements from political leaderships in the Republic of Albania and from Albanian politicians in Macedonia that they were even prepared to fight together—there in Kosovo—with their brothers, which one can understand, and realize that the Greater-Albanian strategy is a unified one for all three areas that that strategy has designated as Albanian ones.

Fifth, in spite of Albania's considerable capabilities for acting through infiltration in almost all the areas around it (including Macedonia), its capabilities for defense in the event of uncontrolled repression against the Albanian ethnic group are nevertheless modest. They are more passive (the acceptance of refugees) than active military actions and operations. Albania could support activities with light weapons (which it produces). Nevertheless, the distribution of the settlements and population does not suit any sort of "partisan warfare" outside of Albania. On the whole, the situation in Montenegro, Serbia, Greece, and even in Macedonia, as part of the Balkan situation, is not in favor of the Greater-Albanian concept.

Sixth, the international factor upon which the Greater-Albanian factor is persistently building support is anemic, and unprepared for any serious involvement on behalf of the Greater-Albanian strategy, or else is too pragmatic, and is thus acting in accordance with the real balance of power, taking into account primarily its own interests, whereas the concealment of the big-state goals cannot last very long.

In any case, it would be a real disaster and catastrophe for the Albanians in Macedonia and for Macedonia, for the Macedonian people, for every citizen of this country, if events got out of control. The Macedonian state should not be put in a situation in which it would have no other choice except to use force and repression.

It remains to be seen how realistic all these assessments are. The Republic of Macedonia still is not that weak, and this will not be the first wrong assessment on the basis of the Albanian big-state policy and strategy. Nevertheless, in view of this character and nature of the problems we are facing, that is not even the most important thing. A few days ago one of the raging Greater-Albanian "strategists," showing off his knowledge of Latin, asked Macedonia where it was going. A few years ago one Macedonian general, precisely on the basis of a Greater-Serbian and unitarist position, asked Macedonia where it was going. Those big-state strategists seem to be as identical as one egg to another. Somewhere someone created a whole series of Serbian states/republics, and then pompously promoted the goal of an "alliance of Serbian states." This one here—"Ilirida," the "Republic of Kosovo," the "Kosovo-Macedonia Confederation" (R. Kosja) is supposed to be declared an "alliance of all Albanian states" tomorrow. Isn't there anything more original than the mutual copying of the big-state strategies around us? We do not have to remind you that Bulgaria views the Republic of Macedonia as an old Bulgarian state in the Balkans.

Actually, today, in these self-obscured Balkans, there is nothing clearer and cleaner than the path chosen by the Republic of Macedonia. That commitment constitutes a new quality in the current Balkan strategic situation. The Republic of Macedonia, defining itself as a law-governed and social-welfare state and as a civil society oriented toward a market economy, and as a state with a democratic, parliamentary, and pluralist political system, established the foundations and began to build the necessary prerequisites for high-quality coexistence and for comprehensive cooperation with everyone around it.

On the other hand, Macedonia should not underestimate this or any other big-state concept. That cannot happen for several reasons: because it could be fatal to our defense and security; because it is not in the interest of peace, and does not coincide with the goals of the peaceful involvement of the international factor (the UN) in the region; and because these are obsolete policies and strategies, which are focused backward toward past times, and in those times there was no Macedonia. The unhindered operation of these big-state strategies (including the Albanian one) means a spread of the war. We had an opportunity to see this model of aggression in the other Balkan regions northwest of us.

Without any "enthusiasm" whatsoever, I must note that in the event that we (all together) cannot prevent the unfavorable development of the situation in and around Macedonia on the basis of the Greater-Albanian strategic system, it will be difficult to avoid a "realignment" of forces in the Balkans, naturally not in favor of the

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Greater-Albanian strategy. On the other hand, with a great degree of conviction, I think that if the Albanian factor, especially in Macedonia, gathers its strength and expresses willingness to distance itself quite decisively and clearly from this strategic concept, then the opportunities for the other and far more powerful big-state strategies around us to exploit the situation in the Republic of Macedonia would be significantly limited. We, all of us together in this country, do not have any great resources. Education should be our emphasis and our big chance. Nevertheless, no one is really convinced that it is wanted. In Pristina, even during the period when the Albanians even had more than that, the Greater-Albanian strategy readily subordinated those achievements to the big-state goals. Isn't it better to have children really study and acquire high-quality knowledge, to raise the quality of elementary and secondary education, and thus open up broader areas in education and roads to science? Even Macedonian higher education will inevitable have to open itself up to the rest of the world, and that burden can hardly be supported by the Cyrillic alphabet alone. Learning (real learning) is better than indoctrination.

Even without magnification under a lens, it can be seen that education is not the essence, but only an opportunity for the Greater-Albanian strategy. In this situation, the Greater-Albanian strategy seems not to be alone. Is someone also manipulating it?

Albanian Demands for Minority, Census Figures

95BA0195B Skopje NOVA MAKEDONIJA in Macedonian 26 Feb 95 p 8

[Letter to the editor from Vanco Nikolovski of Skopje: "Friendly Relations on an Equal Basis"]

[FBIS Translated Text] *Regarding the statement by Albanian President Sali Berisha after his return from Krakow.*

Every state has a right to concern itself with its ethnic minority. Albania also has that right. Its neighbors, including Macedonia [The Former Yugoslav Republic of Macedonia], also have that right, however. The ethnic picture of Macedonia is well-known, not just from the last extraordinary census, which was conducted under international supervision, but also from previous censuses. The ethnic picture of our neighbors, including Albania, is not known—their citizens are not allowed to state their ethnic identity freely. The population of the Balkans is ethnically mixed, and members of other peoples live in all the Balkan countries. Although valid data do not exist, Albania, like Macedonia, is a multiethnic community. According to the unofficial data, there is a large Greek minority in Albania (about 500,000), a Macedonian minority (about 200,000-250,000), a Turkish one, a Vlach one, a Romany [gypsy] one, a Serbian one, a Montenegrin one, and so forth. If Albania wants to be a democratic country, it has to acknowledge this fact, and guarantee all the minorities the basic human and ethnic rights, as Macedonia does.

Friendly relations between Albania and Macedonia would have to be built on the basis of mutual trust and equality. On several occasions Albania has made friendly relations with Macedonia conditional upon "fulfillment of the human and ethnic rights of the Albanians in Macedonia." When Albania as a state demands this, however, the Macedonian state also has the right to demand from Albania the same rights for the Macedonians in Albania. That is the only way that friendly relations between the two states can be built. Demanding rights for the Albanians in Macedonia (who have enjoyed those rights for a long time, in our view), while also denying basic human and ethnic rights to the Macedonians in Albania, creates distrust among the Macedonian people—a hidden strategy for a Greater Albania, at Macedonia's expense. It is in both countries' interest to have the rights of the Albanians in Macedonia and the rights of the Macedonians in Albania regulated by an intergovernmental treaty, on an equal basis. Such a practice exists elsewhere in the world—the treaty between Austria and Italy regarding south Tyrol.

Unfortunately, the Albanian leadership has no such desire. The latest example of this is the statement by Mr. Sali Berisha after his return from Krakow, in which he said: "In the meeting that I conducted... with Macedonian President Kiro Gligorov, I insisted upon respect for the human and ethnic rights of the Albanians in Macedonia, and I presented to him my opinion that opening higher schools and a university for the Albanians in Macedonia would contribute to Macedonia's stability." It is strange that Mr. Berisha is advocating an Albanian university in Macedonia, but he is not even allowing the Macedonians in Albania elementary education in their mother tongue (there are about 20,000 in Tirana!). He is insisting on respect for the human and ethnic rights of the Albanians in Macedonia, but he is not even allowing the Macedonians in Albania to register themselves as Macedonians in a census! Friendly relations and mutual trust between Macedonia and Albania cannot be built on this basis. Mr. Berisha's one-sided insistence upon some sort of rights for the Albanians in Macedonia, without rights for the Macedonians in Albania, is insistence upon extreme rights based on a position of strength, and cannot be interpreted in Macedonia as anything but part of the strategy for the creation of a Greater Albania.

With respect to relations between Macedonia and Albania, it should be realized that Macedonians have a fear that an Albanian colonization might be carried out in Macedonia. During the time of the Ottoman Empire, the number of Albanians in present-day Macedonia and the number of Macedonians in the Albania that was created at that time were approximately equal. Now the ratio has changed substantially. In the Macedonian districts before the Balkan war (the Skopje, Bitola, and Thessaloniki ones), according to Knchev's statistics, the Albanians were 5.5 percent of the total population, and according to the consul's statistics, they were 7.2 percent. During that time, 33,000 Macedonians, 15,680 Turks,

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and 27,800 Albanians lived in the Tetovo and Gostivar areas. The Macedonian population was thus dominant there as well. Afterwards, however, and especially after World War II, the ratios changed. In 1953 the Albanian population was 12.4 percent of the total population in Macedonia; in 1961 it was 13 percent; in 1971, 17 percent; in 1981, 19.8 percent; and in 1991, over 22 percent. The shifts in several municipalities are characteristic. In the Tetovo municipality there were 54,893 Albanians in 1953, and in 1981 there were 113,414; in Skopje, there were 23,693 in 1953 and 81,462 Albanians in 1981; in the Kumanovska municipality there were 5,416 in 1953, and 39,608 Albanians in 1981. These shifts are not due just to an increase in the Albanian birth rate, but also to the large mechanical influx from Kosovo and the southern part of Serbia, especially after 1971. Today more than one-third of the total Albanian population living in Macedonia has immigrated from foreign countries: In the wake of Macedonia's independence, they are actually foreigners. This kind of mechanical influx of Albanians into Macedonia is not a result of their economic interest—Macedonia is a poor country, and accordingly, in the former Socialist Federal Republic of Yugoslavia there were richer republics where it was easier to find employment and earn higher wages. Macedonians cannot avoid thinking that this kind of mechanical influx actually involves a planned Albanian colonization of Macedonia.

Macedonia's political leadership should present these shifts and realizations both to Albania and to the world public. This will put the cards on the table, and it will be necessary to talk frankly with Albania. It should be made known to the Albanians in Macedonia that "hospitality" is being given to them, but that it can also be denied to those who are not well-intentioned. That is done throughout the world, and I do not see why it could not be applied in Macedonia as well. Today some extremist Albanians are threatening riots and the destabilization of Macedonia. These forces should be made aware that Macedonia has the strength to preserve the country's constitutional order and territorial integrity. Mr. Menduh Taci, who says that Macedonia's stability depends upon the Albanians—allegedly they do not want war, and the Macedonians are not capable of waging one!—is lying. The Macedonian state is capable of ensuring that its citizens respect the Constitution and the laws, even those who threaten force. If Mr. Taci thinks that with the creation of unrest in Macedonia Albania will also intervene, then he should know that it would be considered aggression against a peaceful country and a member of the UN. An attack by Albania against Macedonia would lead to a Balkan war, and that is in the interest of neither Albania nor Macedonia. Mr. Taci and other extremist forces ought to renounce their threats and act like loyal citizens in this country. Albania should not support these forces in Macedonia if it wants friendly relations with Macedonia. Mutual dialogue between the two countries, on an equal basis, is the only path for solving these problems.

With respect to the violent formation of an Albanian university in Tetovo, the proponents of which are some professors from Kosovo with encouragement from Albania and extremist forces among the Albanian population in Macedonia, I think that the state authorities are late in responding, and that the measures they are taking are inappropriate. The professors involved in the formation of the university lived in Kosovo for a long time. Our Constitution allows citizens to leave the territory of the republic and return to it. This right, however, can be limited by law, in the event that it is necessary to protect the republic's security. It is better to pass such a law and focus the state's activities on the newcomers from Kosovo who are threatening unrest if an Albanian university is not permitted. They should be expelled from Macedonia, and forbidden to return to it. That is better than using repressive measures against the students or other Albanians drawn into this violent and unconstitutional action.

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Federal

Central Bank To Support Oil, Gas Research

LD3103093595 Belgrade TANJUG in English 0831 GMT 31 Mar 95

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, March 31 (TANJUG)—The National Bank of Yugoslavia (Central Bank) is to give top priority and financial support to Yugoslavia's oil and gas research programs.

Director of the Serbian Oil Industry Development Sector Svetislav Krstic said Friday that an agreement on this had been reached at a meeting with experts of the National Bank of Yugoslavia. Krstic said a Serbian oil industry expert team had presented a wide range of development programs in 1995 that needed financial assistance in foreign currency and dinars. He said top priority was to boost oil and gas production, build a large gas storage plant in the town of Banatski Dvor in northern Yugoslavia and expand the gas network in central Serbia.

Gray Market Threatens Legitimate Trade

95BA0188H Podgorica POBJEDA in Serbo-Croatian 17 Feb 95 p 4

[Article by TANJUG: "Merchants Facing Collapse"]

[FBIS Translated Text] Belgrade, 16 Feb (TANJUG)—Radosav Tasic, secretary of the Trade Committee of the Serbian Chamber of Commerce, said today that the situation of the trade sector as a branch of the economy is so serious that it is becoming alarming and that the main reason is the "gray trade sector."

In a joint meeting of the Trade Committee of the Serbian Chamber of Commerce and the Executive Committee for Trade of the Belgrade Chamber of Commerce, Tasic illustrated the serious situation with the figure that last year total republic sales amounted to about 4.1 billion dinars in retail trade and about 4.7 billion dinars in wholesale trade.

From what he said, minimum sales that would provide merchants mere reproduction capabilities ought to amount to about 6.5 billion dinars.

"It was most serious in the third quarter of last year, when average sales in retail trade were only 386 million dinars, which is no less than 40 percent below the fourth quarter," Tasic explained.

In seeking reasons for this situation, Tasic said that assistance had been requested from two institutes. Their research results differed. One institute found insufficient production to be the main reason in its analysis, and the other the large tax bite.

"We think both reasons are valid; however, we think that the main reason for the bad situation of the trade sector lies in the unequal business conditions for the gray trade sector and the legal trade sector," Tasic explained.

For all those reasons, representatives of the trade sector called for measures to be taken urgently to combat the "gray market," that is, to create equal conditions for the conduct of economic activity. This can be done, it was said, above all through changes in customs and tax policy, stricter punitive measures for tax evasion, reduction of the share of cash in paid sales, and rapid affirmation of noncash transactions, as well as by the most urgent adoption of the Decree on Combating Monopolistic Behavior.

The demand was also made that opportunities be studied for granting two-month or three-month bank credits to the trade sector and also the granting of consumer credits.

Officials Discuss Current Economic Policy

95BA0188G Podgorica POBJEDA in Serbo-Croatian 17 Feb 95 p 4

[Article by TANJUG: "Hold Prices and the Exchange Rate"]

[FBIS Translated Text] Belgrade, 16 Feb (TANJUG)—Misa Jandric, assistant federal minister for development, said today in the Management Committee of the Yugoslav Chamber of Commerce that economic policy was devised for this year on the assumption that the sanctions would continue to be a factor limiting development.

Jandric at the same time announced that the Federal Government is preparing a separate document in case the sanctions are removed in the course of the year, and that would be the basis for negotiations with foreign partners under the new conditions.

The aim of economic policy is to preserve the stability of prices and the currency, to raise the standard of living, and to carry out the transformation of ownership, he said.

Jandric said that everything will be done to preserve the exchange rate of the dinar against the German mark, and tariffs will be aimed at protecting and preserving domestic production and also at stimulating exports.

The growth of the gross social product is planned at 7 percent, and this, according to him, is quite realistic.

Danilo Ivanovic, who chaired the meeting, agreed with this, but he noted that everything depends on whether the necessary fuels (petroleum and petroleum products) are furnished.

Vuksan Culafic believes that the sanctions must not be an excuse for idleness and bad business management because there are many ways of filling tourist facilities.

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It was proposed in the meeting that monopolistic behavior on the market be regulated by federal rather than republic statutes.

Prime Minister Kontic Discusses Economy

95BA0188E Belgrade VECERNJE NOVOSTI in Serbo-Croatian 22 Feb 95 p 10

[Report on FRY Government news release: "Measures Yield Results"]

[FBIS Translated Text] Dr. Radoje Kontic, FRY [Federal Republic of Yugoslavia] prime minister, yesterday held a regular meeting with representatives of republic governments and the National Bank of Yugoslavia [NBJ], attended also by Milo Djukanovic, Montenegrin prime minister; Dragan Tomic, coordinating minister in the Government of Serbia; and Bozidar Gazivoda, M.A., deputy governor of the central bank, according to a news release issued last night by the Federal Secretariat for Information.

Deputy Federal Prime Minister Jovan Zebic; Nikola Sainovic; Uros Klikovac; Dr. Milutin Cirovic, professor and chairman of the Federal Government Economic Council; Zarko Trbojevic, NBJ vice governor; Danilo Perovic, vice president of the Yugoslav Chamber of Commerce; and a number of federal and republic ministers took part in the debate on conduct of economic policy in 1995.

It was noted that the intervention measures in the first quarter of this year are yielding the results that were anticipated. The exchange rate of the dinar has been stabilized, and January's inflationary wave has been stopped. In February, the prices of most products have stayed the same. At the same time, there has been a drop in personal consumption. Earnings in January were down about 6 percent from December. Budgetary expenditures have been slowed.

The judgment is that the intervention measures also had certain anticipated adverse effects.

It was resolved that all entities involved in adoption and execution of intervention measures of economic policy reassess the effects and proposed changes within the next 10 days. The orientation is for the restrictive intervention measures to be replaced as soon as possible by permanent measures that are part of a system. The NBJ will at the same time urgently propose additional measures to strengthen foreign exchange reserves and the necessary importation of raw materials and production supplies.

The federal and republic governments will jointly examine possibilities of a further reduction of public expenditures. More effective steps will be taken to combat the gray economy and to reassess taxes and other payments at the present level of production, the news release concluded.

New Law on Hard-Currency Transactions Adopted

95BA0192E Belgrade POLITIKA in Serbo-Croatian 2 Mar 95 p 13

[Article by B. Matic and N. Trklja: "Law on Foreign Exchange Transactions Adopted"]

[FBIS Translated Text] The Federal Republic of Yugoslavia yesterday got a new Law on Foreign Exchange Transactions. Following the Chamber of Republics, the second house of the parliament, the Citizens Chamber, also adopted this law, which is certainly one of the most important statutes embodying the system. The first section of that law was drafted in the spirit of present-day European statutes, while the arrangements in the second part have been adapted to the conditions under which business is done during the sanctions.

Under the new law, old foreign exchange savings may be sold, and in the future foreign exchange will be purchased and sold exclusively on the unified foreign exchange market, and no more than 1,000 German marks may normally be carried out of the country. It is prohibited to conclude contracts in which the amount is pegged to foreign currency or the price of gold, and the unauthorized sale and scalping of foreign exchange will be strictly punished. The law prescribes prison sentences of not fewer than three months and not more than five years for violations of its provisions.

The Problem of Old Savings Has Not Been Solved

Inva Vujacic (DS [Democratic Party]) said that the new law will make a large number of individuals criminals, but at the same time the state grants amnesty. He gives as an example the possibility of the government renting its office space for foreign exchange. In his opinion, the objective of the law is to stimulate savings, but at the same time it did not solve the problem of old foreign exchange savings. In the new legislation, the banks figure as the guarantors of foreign exchange savings, and the state figures as the guarantor only if the bank goes bankrupt. Because in our country the issue of bankruptcy of banks is a political issue, savings depositors will hardly have confidence and an incentive for new savings, Vujacic said.

Criticizing the provisions of the new statute, Vojislav Seselj (SRS [Serbian Radical Party]) said that this is a ridiculous law, extremely frivolous and ideological, because it did not resolve in advance the problem of old foreign exchange savings, whereby the government is taking us back to the communist practice of administrative regulation of the economy. Asserting that this law cannot halt the flight of foreign exchange from the country, Seselj said that this is not achieved with bans and penalties, but by stabilization of the political situation and the state.

Jovan Zebic, deputy prime minister and finance minister, explained why the new law was necessary. According to him, it should help in obtaining foreign

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exchange and in protecting foreign exchange funds. Adoption of this kind of law embodying the system should not be postponed until the sanctions are removed, Zebic said, arguing that it is worthwhile to adopt such a law so that we are ready when the blockade is removed.

Losses Greater Than Profits

Responding to the objections presented in the debate, Zebic clarified some of the arrangements in the law. According to him, foreign exchange is used to make payments abroad, and the exchange rate is formed on the unified foreign exchange market. The punitive measures in the second part of the law are essential because there is no country that does not have a solution for a crisis situation in its legislation. Estimates of the balance of payments are inevitable, and measures to regulate foreign exchange transactions are limited both in amounts and time.

Concerning restrictions on concluding contracts in foreign currencies and gold, Zebic said that we must fight for the dinar to become the sole legal tender. We must defend the dinar, and the danger of this solution lies in inflation, which the government must fight once again. Enterprises are allowed to have their own accounts and to freely dispose of foreign exchange, but there is a restriction on carrying foreign exchange out of the country. According to him, the foreign exchange accounts of enterprises and unrestricted transactions are a motivation, but severe penalties have been envisaged for those who trade in foreign exchange outside the foreign exchange market and disregard the exchange rate in making payments.

Politicians Review Contact Group Plan

95BA0192D Belgrade POLITIKA in Serbo-Croatian 2 Mar 95 p 12

[Article by Beta: "The Contact Group's Plan for Bosnia-Herzegovina Is Acceptable"]

[FBIS Translated Text] Goran Percevic, vice president of the Socialist Party of Serbia [SPS], has said that the basic position of his party is that the road to peace runs through continuation of the peace process and that the Contact Group's plan is a good basis for that.

Percevic said on last night's program "Open Studio," broadcast over RTV [Radio-TV] Serbia from the Novi Sad studio, that even the leadership of the Srpska republic "has acknowledged that 80 percent of the plan is valid."

Percevic was joined on the program by Zoran Djindjic, leader of the Democratic Party [DS]; Vuk Draskovic, leader of the Serbian Renewal Movement [SPO]; and Svetozar Krstic, a member of the Executive Board of New Democracy [ND].

Percevic said of the Contact Group's plan that it is "fair and balanced," it guarantees everyone equal treatment, and it "prevents majority rule from being used against the Serbian people in Bosnia-Herzegovina."

"In this plan, the Serbian people in Bosnia-Herzegovina realize their principal national interests—freedom and statehood, by virtue of the fact that the Serbs obtain the right to their own assembly, government, and army, as well as the possibility of confederal linkage to Serbia," Percevic said.

In his opinion, the SPS is already taking into account the interests of the Serbian people as a whole, the right measure of balance between the interests of the individual parts of that people, while the leadership in Pale has "threatened the unity of the Serbian people by its unreasonable rejection of the plan."

According to Zoran Djindjic, the basic principle that should be the point of departure is the right of a people to self-determination, to which the Slovenes, the Croats, and the Macedonians appealed when they seceded, so that it is altogether normal and legitimate for that right to be recognized on the part of the Serbian people.

"The most important thing is that the solution satisfy the people who live in those parts, not us. The essential thing is that we not prevent them, but help them insofar as that is possible," Djindjic said, judging that the quality and rounded shape of the territory are the most important thing.

According to Vuk Draskovic, the people on both sides of the Drina have not been informed at all about what the Contact Group's plan contains.

In Draskovic's assessment, that plan calls upon the leadership in Pale merely to accept the principle of territorial division in a ratio of 51:49, but that division will not occur until an agreement is reached on constitutional arrangements, for which the international community has not set a deadline.

While those negotiations are going on, which could take 10 or even 15 years, the armies will remain in their present positions, the SPO leader said.

"President Milosevic has changed his position and has been advocating peace since this summer. I and the entire SPO support that fact, if that change is sincere, and not just verbal," Draskovic said, adding that he does not agree with Milosevic insofar as he is the representative of an ideological system.

"Meanwhile, so long as such people as Mihajlo Markovic and Borisav Jovic occupy high positions in the SPS, the world cannot trust the sincerity of the peaceful policy of that party," Draskovic said.

According to Svetozar Krstic, New Democracy has accepted the Contact Group's plan, convinced that the

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main interest of the Serbian people is the maximum number of Serbs alive. Krstic called for the unity of all Serbian political forces.

[Box, p 12]

What the Cameras Did Not Record—J.S.

Even half an hour after the end of the special program "Open Studio," on which Zoran Djindjic, president of the Democratic Party, Vuk Draskovic, leader of the Serbian Renewal Movement, and Svetozar Krstic and Goran Percevic, officials of New Democracy and the SPS, respectively, appeared, the telephones in the studio had not stopped ringing. People were calling in impatiently trying to put questions to the panelists. From what we have learned, the only way to stop the ringing (because the time slot envisaged for the program had long since passed) was to "remove" the receiver. "Had we not done that, people would have called all night," they said at RTS [Radio-TV Serbia].

These "incandescent nerves" indisputably indicate that the TV public has an unrestrainable interest in putting questions above all to the politicians and seeking their comments on everyday life and their visions of the future. We still do not know when a similar array of political parties will appear as guests on "Open Studio." In spite of our best intentions, we did not manage to find Sima Gajin, deputy chief editor for the program "News Events." He was busy setting up today's political TV magazine "Circle." We heard unofficially that a "series" of this political type with the leaders of opposition parties in the main roles will not be broadcast soon.

There is a spicy detail about the whole story of the surprise appearance of the "leaders" of certain opposition parties on RTS. The staff of one party called the organizers of the program at some time in the morning to ask what the set in the studio would be like. They wanted their president to fit into all that properly. At RTS, they said that they had no idea what the set would look like. Nevertheless, this president fit in nicely in his elegant suit. We also learned that no one was late for the meeting in front of the TV cameras, but that Zoran Djindjic arrived first by a few seconds.

[Box, p 12]

Did the Democrats Change Their Opinion?—V.V.

Concerning the statement over RTS by Dr. Zoran Djindjic, president of the Democratic Party, that that party would accept any solution of the peace plan accepted by the Serbs in Bosnia or by their leadership, and that the most recent version of the plan is acceptable to the DS, we asked him yesterday whether it is possible that this signifies a change in the position of the DS?

"This is the version of the plan we consider acceptable: that it be treated only as an optional point of departure and that implementation of the plan begin only when all the parties have signed it. We said this following publication of the new interpretation in early January. We advised the leadership of the Srpska republic that it should enter the peace process on that basis," Dr. Djindjic said.

As he explained it, the condition that the map be signed has been abandoned as a stipulation for further negotiations, and this was the main obstacle in the first version of the Contact Group plan. And those who say today that that plan is the same as the one in August do not know what they are talking about, he said. What they said in August, Dr. Djindjic recalls, is Sign and Then Negotiate, but now they have accepted the principle of Negotiate and Then Sign.

Educators Reject Aid From Soros Foundation

95BA0199C Belgrade BORBA in Serbo-Croatian 9 Mar 95 p 8

[Interview with Milica Arezina-Simonovic, principal of Academic High School No. 1 in Belgrade and vice president of the City Committee of the Socialist Party of Serbia, by Vesna Lukic; place and date not given: "Soros Is Turning Our Children Into Janissaries"]

[FBIS Translated Text] The environment our country now faces, thanks to the change in the balance of political forces in the world, the disappearance of the Eastern bloc, and disintegration of the USSR and SFRY [Socialist Federal Republic of Yugoslavia], has resulted in a real expansion of foreign humanitarian organizations that have been attempting by legal or illegal means, perfidiously and aggressively, directly and through their Yugoslav offices, behind the mask of a false concern for the spiritual health and knowledge of our young people, to break up and destroy the social tissue of the Yugoslav state.

Milica Arezina-Simonovic, principal of Academic High School No. 1 in Belgrade and vice president of the City Committee of the SPS [Socialist Party of Serbia], spoke to BORBA about the activity of the best-known organization of this type, the Soros Foundation, in secondary school institutions.

* * *

[Lukic] Having rejected any aid from the Soros Foundation, Dragutin Velickovic, rector of Belgrade University, has publicly advised that organization that there is no place for it at Belgrade University. The Soros Foundation is now trying to direct its activity toward the secondary schools. What have you learned about this?

[Arezina-Simonovic] I am encouraged by the fact that the rector of Belgrade University has spoken out and made a public statement about the false altruism of this enemy of Yugoslavia, which three years ago made its "hostile intentions" toward our people official with its signature on the decision to bomb Belgrade. The activity of the Soros Foundation is only a disguised method of

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operation of the U.S. intelligence service, the CIA, through whose activity the United States is trying to impose its system of values by recruiting young people and in this way use them to realize its political objectives in this region. Academic High School No. 1 in Belgrade is not issuing official certificates for the schooling of its pupils abroad, and, from what I have learned, this is not being done by certain other high schools as well, such as the Second Philosophy High School and the Mathematics High School. Young people departing to study abroad are not the children of workers and peasants. Their parents are "intellectuals" who, because it is fashionable or they are not sufficiently informed, have been sending their children into the uncertainty of someone else's world with which they are not sufficiently familiar, and they are doing so through various channels, most recently through private agencies. Only when they get there do the young people see that the "American dream" actually does not exist. It does not honor values such as democracy, humanism, human rights, or freedom either in the case of its own people or others. That is why young people often return to their own community disappointed and disillusioned.

[Lukic] How is that problem to be surmounted?

[Arezina-Simonovic] We as individuals are not able to fight the onslaught of humanitarian organizations like that. This is above all the business of the Ministry of Education, the Ministry of Culture, and the government in general. As an educator, I expect that the Serbian Academy of Sciences and Arts, which is the crown of our people's intellectuality and knowledge, will also speak out—that is my appeal. In the shaken system of values, the media also should have an educative role in the sense of openly pointing to this danger.

[Lukic] The Socialist Party is paying a great deal of attention to detecting and dealing with negative social phenomena. Have there also been discussions of the activity of these quasi-humanitarian organizations in the schools?

[Arezina-Simonovic] By virtue of the fact that we are the incumbent party, we have an additional responsibility for all social problems. The Socialist Party, as a party with a left-wing orientation whose objective is to struggle for a better world, should also tackle the social problems related to the schools. Up to now our schools have managed to produce superb experts and always to keep up with the times. In our society the right to education has become a universal right, and in the future we will be concerned with reorganizing the schools, the universities, and institutes in order to improve their quality. I am not one of those who thinks that everything that has come from the West is bad. The emancipative ideas that have come from there are no longer respected there. Transformed into a pure purchase-sale relationship, that is, those ideas have become a commodity that the West is selling to the peoples in their spheres of interest; it is just a bauble with which they can entertain themselves, without paying attention to their real nature.

[Lukic] What are parents saying about the increasingly aggressive activity of these organizations?

[Arezina-Simonovic] Parents are more familiar with this matter than their children, but there are also those who say they know nothing about it. BORBA has made an important contribution to shedding light on this phenomenon, and the other media, above all television, should also join in the campaign. We must be organized in our opposition to the hypocritical and base policy of the Coca-Cola culture by affirming our own scientific and cultural values. We are, for that matter, a vital people whose spiritual values are much older than even the United States.

[Lukic] There are more and more stories going around that the children of certain influential people in power are taking advantage of Soros scholarships.

[Arezina-Simonovic] If those stories are true, that is the height of hypocrisy. Those people should ask themselves what has happened to their morality. It would be best to let them leave with their children, because we do not need such people, and that would also be the mildest punishment for them.

[Box, p 8]

Subverters of Their Own State

[Lukic] What in your opinion is Soros's ultimate objective?

[Arezina-Simonovic] Under the veil of humanitarian missions, the Soros Foundation is winning over young people whom it will indoctrinate as new janissaries, then send them back to us in someone else's interest, undermining their own state, to work against their own people.

[Box, p 8]

Statement by Milan Raspopovic, Principal of the Mathematics High School in Belgrade

"A great many pupils, blinded by the euphoric desire for specialized advanced training abroad, are using arrangements of private agencies motivated exclusively by commercial results and perhaps also by certain other motives. The time students spend in a foreign environment is completely uncertain, so that often the young people come back dissatisfied, without official or complete information. I am in favor of institutionalization of the trips and schooling abroad through a fuller arrangement of the Education Ministry and the Institute for International Scientific and Cultural Cooperation, in order to avoid the unforeseeable consequences of their going abroad on their own and without being monitored, which is now the case."

Serbia

Police Close Bosniak Businesses in Sandzak

AU3003164095 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 30 Mar 95

[FBIS Translated Text] The Information Center of the Muslim National Council of Sandzak reports that by

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plundering the property of Bosniak businessmen in Sandzak the regime of the so-called Yugoslavia is trying to make up for the collapse of the economy and the unstoppable fall in the value of its national currency.

On 26 March of this year, under the pretext of implementing the so-called economic program of the Serbian Government, because of alleged business infractions and irregularities in work, the finance police in Novi Pazar closed down 53 private businesses of various kinds and confiscated their goods. During this confiscation, the Novi Pazar businessmen were not given any explanation or written receipts. The value of the goods confiscated by the Serbian police from Novi Pazar businessmen exceeds 300,000 German marks.

The so-called finance police of Serbia have at the same time issued 168 requests for charges to be filed for alleged business infractions and have filed a number of charges.

Marjanovic Delivers Government Report to Assembly

AU3103115895

[FBIS Editorial Report] Belgrade Radio Beograd Network in Serbo-Croatian at 0827 GMT on 29 March carries a 42-minute speech by Serbian Prime Minister Mirko Marjanovic to the Serbian Assembly presenting the report on the Republican Government's work.

Marjanovic's speech is a summary of the government report distributed in advance to the deputies. He opens by saying that "we can stress with pride that the year behind us was a crucial year, one in which we halted the negative trends that had persisted for many years, realized positive results in business and improving the population's standard of living, and opened up prospects for the country's prolonged economic recovery."

The Serbian Government, Marjanovic says, "has persistently advocated the policy of peace and a just solution for the Serbian people in the Serbian Republic and the republic of Serbian Krajina." The government "has been resolutely implementing the program of reconstruction of the monetary system and economic recovery of the country, and above all the policy of sound money and a balanced budget," all that under the "difficulties it faced at the very beginning of its term" and "with no financial support from abroad and under the conditions of very rigorous economic sanctions."

In the first part of his speech, speaking about the main results achieved in the past year, Marjanovic says that "balancing revenue and public expenditure in the republic was the crucial step in curbing hyperinflation. Thanks to the accelerated process of balancing the budget, the Government of the Republic of Serbia has alone reduced the original spending plan by 25 percent. Since 24 July 1994, the budget has been financed completely from real sources and without deficit. The budget was adopted without amendment, and it dealt with all public sector deficits, above all those of the pension and healthcare funds. The stabilization provided sufficient funds so we realized the budget along with reducing taxation." He adds that "the result of alleviating the tax burden is assessed to be 1 billion dinars last year alone."

Further in his speech, Marjanovic says that "321 million dinars have been allocated from the budget for stimulating economic development. The support for state-owned enterprises and big systems was ensured with funds from the budget, commercial banks loans, and other loans."

"During the last year," he adds, "there has been a program of rationalization and restrictions in the state apparatus, government-owned enterprises, and the social sphere. The number of employees in the Republican administration has been reduced by 15.3 percent. Work on rationalizing local self-administration organs is under way and will amount to about 20 percent. Let me remind you that due to the stabilization, last year we only increased wages insignificantly in the state administration."

Speaking about reviving production Marjanovic says that "with an increase of 1.5 percent of overall industrial output, a higher production than a year ago was registered in 21 industrial branches, which amounts to 70 percent of the overall production."

Speaking about electricity production, Marjanovic says that "during 1994, it was carried out under the difficult conditions of blockade" but "as regards electricity, output has been kept within planned levels for a number of years. Despite the constant lack of resources for maintenance, the facilities have been working at full capacity. In 1994 electricity production was 3.5 percent higher than in 1993. Despite such an achievement, output could not meet the greatly increased consumption needs during winter. The occasional shortages in winter were caused by the lack of fuels and equipment from abroad, as well as the low water level of rivers."

Speaking about agriculture, Marjanovic says that "it was one of the key points of the government's stabilization policy" that "for the first time last year, agricultural production was not financed from the primary issue, but exclusively from real sources, that is, from the credit potential of commercial banks and the budget." He adds that "despite difficulties, agricultural production increased by between 5 and 6 percent."

Marjanovic also speaks about the "price stabilization, as one of the most important tasks in the government's program" saying that "the trend of reducing prices continued throughout most of 1994," and that "the year was concluded at the February price level. The cost of living fell by (?2.1) percent." He says that "it was the government's orientation that prices should be freely formed and that there should be as little intervention [administriranje] as possible. This is why, to help stabilization, we above all acted with interventions from

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reserves and from imports. We abolished some former limit concerning wheat and flour and did not allow chaos."

"With the program for employing surplus workers through the employment market institute, by realizing 5,700 programs amounting to 163 million dinars, the reemployment of nearly 200,000 workers was made possible," Marjanovic says, adding that "the increase in the number of unemployed that had gone on for many years has thus been curbed" and that the situation with pension insurance, child care, and social benefits has also been improved, he says.

"Being aware of the role the press, radio, and television play in everyday life" Marjanovic says further on, "we devoted great attention to the sphere of information." He said that "from the very beginning, the Serbian Government has been open toward journalists and the media and its members are always ready for contacts, statements, and interviews, and they thus contributed to the creation of an atmosphere of confidence, without which the citizens cannot be completely and fully informed."

Serbian Prime Minister Marjanovic also touched on the "activity on furthering cooperation with Serbs outside Serbia," which was "directed toward strengthening connections with the Serbs living on former Yugoslav territories, as well as Serbs living in European countries and overseas. Special attention was devoted to activities directed toward the republic of Serbian Krajina and the Srpska republic. Humanitarian aid in food, medicines, clothes, and footwear was regularly directed there, and efforts were exerted for individual organizations and institutions in the field, above all schools and hospitals, to be able to work more successfully. Wherever it was possible, production organizations were assisted in starting production, employing people, and creating conditions to help their material security and existence. This activity was carried out wherever security, material, social, and other conditions permitted, with a view to making it possible for refugees to return to their homes or to settle on those territories those people who wish to do so.

"Efforts have been made and large material resources invested with a view to accepting and accommodating more than 420,000 refugees and ensuring accommodation, social security, medical care, and schooling for them."

Further on in his address, Marjanovic refers to the activity of the government and respective state institutions to "permanently improve the citizens' security and safety," and says that in his opinion one "can be satisfied with the progress achieved, considering the conditions under which we are all living." "The work on crime prevention carried out last year led to a 10.2 percent decrease in the overall number of committed criminal acts as against the previous year; in the sphere of curbing general crime, the number of criminal acts was reduced by 15 percent." Marjanovic adds that "illegal narcotics trafficking was also curbed. Several drug smuggling channels were discovered and cut."

"Extensive measures have also been taken to uncover and cut off conduits for weapons, ammunition, explosives, and other dangerous materials and devices," said Marjanovic, and added that this "confirms that despite aggravated and complex conditions, the disposition to improve the security and safety of our citizens has continued."

On economic policy and current government activities, Marjanovic says that "we, the Federal Government, the Government of the Republic of Montenegro, and the National Bank of Yugoslavia have adopted the clear orientation that the basic goals of the 1995 economic policy should be to maintain stable prices and firm dinar and, on these foundations, to increase economic activity and standard of living, restructure the economy, and, finally, further build up the market-oriented economic system. Because of an extreme increase in prices; a too rapid increase in wages, pensions, and other forms of personal income; a considerable increase in the black market foreign exchange rate and during exchange cuts [sticung] at the end of 1994, it was decided to regulate economic activity in the first quarter of 1995 through short-term intervention measures. The Serbian Government actively supported 10 measures that [National Bank] Governor Avramovic, the main program coordinator, presented." Saying that "many people are afraid that after 31 March, the economy might follow the road of administrative regulation," Marjanovic adds that "the national unity government will insist exclusively on economic market policy measures" with "clear economic conditions as follows: One, an increase in the money supply according to the increase in gross national product and production. Two, respect for total budget discipline at all levels and eliminating any budget deficits, which in fact do not exist; the continuation of the dinar exchange rate policy; maximum support to exports and foreign exchange inflow, along with discriminately limiting imports; free formation of prices of products and services, apart from the public sector and spheres extremely inclined toward monopoly; (?demand) for the bank's loan policy that would not burden users with extortionate interest rates, particularly when loans are based on state deposits in commercial banks; free formation of wages provided they are paid out exclusively from real sources, that is [word indistinct] realization and making sure that wages do not generate inflation; support for all activities directed toward preventing a drop in production, production meant for the market, that is. Resources for financing these activities is to be ensured from repaid loans and loans issued on the basis of state deposits in commercial banks will above all be invested in agriculture and other industrial sectors; support for the process of structural adjustment and restructuring of banks, as banks must become real financial deposit institutions that enjoy the confidence of their deposit holders."

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"At the beginning of the year," Marjanovic said, "on the basis of a thorough analysis, the government ascertained that there was an economically unjustified increase in a number of prices of products and services" and that "we advised that all prices be reexamined and lowered, something that a large number of firms did," and "as a result, price increase were considerably slowed down." Marjanovic also promised measures to curb the gray economy that "inflicts great damage to economy and society" so that its "legalization would considerably increase the volume of the revenue."

On the realization of the social program, Marjanovic says that in this sphere, "the government will continue to [word indistinct] activities and resources from the fund for paying out guaranteed wages, the labor market, the (development?) fund, and commercial banks, with a view to assisting additional training, retraining, or self-employment."

Marjanovic says that "the rapid increase in wages in 1994 and the combination of pensions and wages have brought us serious financial problems at the beginning of 1995," so that the government has had to find resources to pay out pensions, such as increasing payment service provisions, export duties, the price of postal services, and imposing additional taxes on tobacco products.

Regarding wages, Marjanovic says that "an agreement has been reached with the Independent Trade Union and Chamber of Commerce, and with the consent of Program Coordinator Governor Avramovic, to lift the regulation on limiting wage increases as of 1 April." Marjanovic adds that complete coordination has been reached that "the stable dinar exchange rate will be continued, which means there is or will be no devaluation. Within the general plan to increase output by 9 percent in 1995, overall wage increases in the second quarter of 1995 may amount to a maximum of 4.2 percent compared with the actual wage level of the first quarter, and solely on the basis of increased output. On the basis of the advice of the National Bank of Yugoslavia, commercial banks will not approve any loans or any privileges to enterprises that do not comply with the agreed wage policy. The guaranteed wage for the next three months, that is, in the second quarter, will increase from 90 to 100 dinars."

Speaking about economic activity, Marjanovic says that "the GNP is planned to increase by over 7 percent, industrial output by 9 percent, and agricultural production by 3 to 4 percent. Only in that way can we realize a real increase in wages and the standard of living. The Serbian Government's activity will therefore be directed toward the further adaptation of the economic system to the demands of the market economy, restructuring of enterprises, and restructuring of banking and overall financial system. We shall support the development of private businesses, particularly in production where small investments can quickly have a great impact."

Speaking about agriculture, Marjanovic notes the preference given to "primary agricultural production as we are determined to continue the practice of ensuring resources exclusively from real sources" and "halt the practice of many years of financing agricultural production from the primary issue."

Further on, Marjanovic speaks about "the detailed program of measures and activities that has been drafted to ensure regular electricity supplies. The government has enjoined the Electricity Board of Serbia to rapidly organize, overhaul, and ensure the potentials in hydroelectric facilities, improve the organization of business operations and carry out their rationalization, suggest amendments to the conditions of electricity delivery and the tariff system, and propose changes in the conditions and ways of curbing consumption."

Speaking about ways to "stimulate exports," Marjanovic says that "in cooperation with the Federal Government and the National Bank, we have been taking measures to use foreign exchange as efficiently as possible and stimulate exports and foreign exchange inflow as much as possible. We must constantly orient ourselves toward exports, as modern and highly profitable production would need a much larger market than the market of the Federal Republic of Yugoslavia." He adds that "we are preparing the ground for trade and cooperation with foreign partners for the time after the sanctions. Many concrete agreements have already been reached."

Marjanovic concludes his speech by saying "the Government of the Republic of Serbia is of the opinion that, with its overall activity in the first year of its term of office, it has deserved the confidence of the citizens and the economy. This confidence has been achieved with specific visible results, above all regarding better living conditions for all citizens. That is why this government, encouraged by the results achieved so far and the support it enjoys among the general public, plans to continue resolutely realizing the basic goals of its program this year as well, the policy of peace, economic recovery of the country on market bases, and the full functioning of the rule of law. The government is fully aware of the very complex situation resulting, on the one hand, from the international blockade and, on the other, from the need to make a clear turn toward a modern market economy, open democratic society, and social justice as extensively as possible. This government has already taken the first step in that direction. We are determined to continue the socioeconomic changes we have started, in the conviction that further concrete results will open up new prospects for Serbia's successful development in all spheres."

Government Plans New Steps Against Gray Economy

95BA0192B Belgrade VECERNJE NOVOSTI in Serbo-Croatian 26 Feb 95 p 5

[Unattributed article: "Showdown With the Gray Economy"]

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[FBIS Translated Text] Toward the end of next week, the Government of Serbia is supposed to adopt a package of regulations to deal with the gray economy, a package including an antitrust decree antecedent to adoption of a law, Slobodan Radulovic, republic deputy prime minister, said, DNEVNIK of Novi Sad reported today.

Radulovic said that "the government has no intention of resorting to administrative measures" when it comes to the demand for rolling back prices to the level of last July, and he also emphasized that punitive measures have not been applied against those who do not honor the decree, but that "they will be invoked along with the antitrust decree and the law if we judge that the trend is not sufficiently clear and is not what we anticipate."

"Regardless of whether someone thinks it is slow or fast, there is no doubt that the growth trend of prices was cut off long ago. It is not really an argument for certain businessmen to say that the rise in import charges will put an end to all that, because our dependence on imports is expressed in single digits.

"It is also evident that the total purchasing power of the population has declined according to all recent estimates, as has the demand for goods, and that is why no changes at all should be expected. I think that the trend of declining prices is stable and will continue."

The intention of the Federal Government to discourage imports and stimulate exports is obvious and is quite proper. Certain costs will obviously increase; it just depends on what share they have in the product's production cost.

"Because the chamber has reacted, I believe that the Federal Government will nevertheless look to see whether these measures will be linear or could be made a bit more selective in the sense of a privileged position for the importing of raw materials, production supplies, and those things we do not produce."

Deputy Prime Minister Radulovic said that he hopes that the economy will very quickly adapt to the new course and also "that a larger growth of output will be achieved than the anticipated 7 percent, because there is more unutilized potential in the economy and society than is being presented."

Montenegro

Agriculture Leaders Stress Need for Funds

95BA0188F Podgorica POBJEDA in Serbo-Croatian 17 Feb 95 p 3

[Article by TANJUG: "No Food Without Credit"]

[FBIS Translated Text] Belgrade, 16 Feb (TANJUG)—The country's security as to food can be guaranteed only if farmers are immediately granted loans and furnished fuel for the upcoming spring planting, it was observed today in the Yugoslav Chamber of Commerce in a joint meeting of the Agriculture Committee and the Council for Coordinating Efforts in Agriculture.

The first condition for planting two and a half million hectares, which is supposed to begin in two weeks, is a loan in the amount of 250 million dinars.

Faced with the greatest shortage of money so far, farmers are insisting that by the end of this month debtors meet obligations to them for products delivered last year in the amount of 100 million dinars.

Representatives of agriculture have also drawn up a detailed program for the spring planting in which the largest areas are committed to corn, industrial crops, and vegetables.

This plan, it was said, is not a wish list, but a totaling up of the real needs of the population. The planned planting cannot be done without the credits. In that case, it was warned on several occasions, there will be a food shortage next winter just as there has been a power shortage this winter.

Chief executives of agricultural organizations, the food manufacturing industry and business communities, representatives of cooperative alliances, chambers of commerce, and agricultural institutions have warned the federal and republic governments, as well as the National Bank of Yugoslavia [NBJ], not to delay the measures supporting agriculture; otherwise, the consequences will be disastrous.

After all, it is high time that the relevant ministers and other competent officials take a position on detailed priorities in financing agriculture.

Those who took part in the meeting supported with numerous examples the description of the difficult situation and still more serious possible consequences. For example, with two weeks left before the planting there is no fuel for tractors, no fertilizer, and a shortage of certain other production supplies.

What is more, the farmers do not have the money to buy what is available for the planting, such as chemicals for pest and disease control and quality seed.

What this means in practical terms is that unless there is credit and unless the entire debt from last year is repaid to farmers, good-quality seed will remain in the warehouses of seed firms and institutes, and the peasants will plant the grain stored in the loft.

Application of even the most minimal soil and crop practices is jeopardized under those conditions. If planting is done at all, it will be done extensively, and the harvest will be left to nature and chance.

It is also quite certain that the programs for planting industrial crops like sugar beets, which begins first, will not be carried out without loans. After all, the planting of

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a hectare of sugar beets costs nearly 3,000 dinars for fuel, seed, chemicals, and so on. Chemicals alone cost about 1,000 dinars.

Representatives of agriculture, taking note of all this, asked what sectors of the economy are now more urgent in monetary policy than food production?

Lack of Funds Threatens Spring Sowing

95BA0188I Podgorica POBJEDA in Serbo-Croatian 17 Feb 95 p 7

[Article by M. Djikanovic: "The Shortage of Money Is Counting the Furrows"]

[FBIS Translated Text] Podgorica, 16 Feb—Whether Montenegrin farmers plow their furrows this spring at the level of last year (judged to be one of the most successful in the last decade) or even on a somewhat higher level will depend, it seems, on everything besides their good will. The first projections of the spring planting plan done in the republic Ministry for Agriculture "deal with" areas of about 36,500 hectares. Along with what the "green factory" cultivated in the republic last fall, it would extend this year over no fewer than 44,706 hectares. That would be about 1.6 percent more than last year and at the level of the upper limit of actual planting over the last 10 years.

However, on the very first check by the government Commission for Economic Policy, these figures were suspected of being overambitious, above all because of a number of limitations so important that even the sponsor is not convinced that the plan can be realized in that volume or that optimum yields can be achieved on the areas planned. It is sufficient to cite the amount of about 60 million dinars needed to purchase quality seed, fertilizer, fuel, and chemicals for pest and disease control in the quantities called for by high-output production over an area that large. Against that immense amount, the republic is committing only 328,000 dinars from this year's budget for rebates to cover the entire planting! Last year, 440,000 dinars were furnished for this purpose from the republic budget. It dried up, however, in the fall planting, which received hardly a single dinar from the budget, nor was there any credit support from the banks. This accounts for the disastrous result recorded in the government's Commission for Economic Policy: Last year's fall planting plan was fulfilled at less than 60 percent. The planners are trying to offset the 40-percent shortfall by increasing the size of the spring planting.

"You reap what you sow, and you earn what you invest," was the comment of representatives of the Ministry of Agriculture, which recalled in the Commission for Economic Policy that the "green" strategy called for a share of at least 5 percent of the total republic budget to stimulate the so-called green budget. In practice, this was reduced to 2.8 percent last year and still lower—to 2.1 percent—this year. Presenting a very adverse assessment of how the banks have supported agriculture, Radivoje Rasovic, minister of agriculture, said that none of them has performed its function. The Bank of Podgorica, the Bank of Niksic, and especially Agrobanka have to some extent been exceptions; last year, the latter lent to Montenegrin agriculture 3 million dinars of its funds. None of the borrowers, however, repaid those loans on time. This year, the accounts of almost all the banks are blocked, which diminishes even more the opportunities for credit support, especially to field cropping, in which the period for turnover of capital is extremely long.

The farmer, then, is left to what he already knows very well: self-reliance.... Faced with the drastically higher costs of production supplies and the entire production process, from which he cannot count on any enviable yields because he cannot obtain sufficient quantities of quality seed, fertilizer, and the rest, he is making his own calculation of profitability, which, judging by the results of the fall planting, must be very disturbing to the shapers of agricultural policy and of overall economic policy in the republic. There is certainly room for the observation that recently the petroleum business has been more lucrative than following a plow, and by and large the hysterical fear of hunger, which last year caused the farmer to plant what he had never planted before, has mainly passed. The farmer is also disoriented by the disproportion between the prices of grain, flour, and bread on the market and the costs of investing in production, putting him in a dilemma as to whether it pays to plant at all, especially wheat, to which, the experts say, Montenegro's natural attributes are not well-disposed. But all this should be put on the scale and an extremely serious analysis made of both the reasons for the shortfall of fall planting and also the quality of preparations for the planting that is now upon us, lest it experience a similar fate. Of course, given all the limitations that must be assumed this year, the easiest thing is to resort to cutting back the plan and thereby making it "realistic." But in Montenegro, which is short of food to a far greater extent than its resources justify, the thrust of the effort must certainly be aimed in another direction. In the Commission for Economic Policy, they postponed taking a position on the plan that was offered and instead called upon the competent ministry to take all circumstances into account and measure more precisely what can really be done and then propose specific measures that have to be taken to achieve desired results.

Vojvodina

VMSZ Leadership To Contest Serbian Elections

LD3003102095 Budapest Kossuth Radio Network in Hungarian 0900 GMT 30 Mar 95

[FBIS Translated Text] The Association of Hungarians in Vojvodina [VMSZ] will contest the next Serbian elections as a political party.

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This has been decided by the leaders of VMSZ, which was originally established as an interest protection organization, following a recent decision by another Hungarian organization in Vojvodina, the Democratic Community of Hungarians in Vojvodina [VMDK], on the expulsion of those who held positions in the VMSZ.

The VMSZ is aware of the fact that its decision might lead to a reduction in the Hungarians' parliamentary representation. However, it is of the view that withdrawing from political activities is worse than a divided community, because in the event of their withdrawal from politics people who, for moral reasons, are unsuitable for this role would represent the Hungarian community.

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